

DAILY REPORT

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JAPAN

Soviet Aircraft Carrier Spotted Off Oki Island	C 1
Foreign Ministry Welcomes CGDK Proposal	C 1
PRC's Deputy Military Chief Cancels Visit	C 1
MITI Makes 'Concessions' to U.S. on Semiconductors	C 2
Envoy to EC GATT Meeting Rejects Trade Criticism	C 2

NORTH KOREA

Culture Ministry Issues Statement on Defections	D 1
MINJU CHOSON Assails Kissinger Patronage of Chon [20 Mar]	D 2
Commentator Denounces ROK-U.S. Pohang Maneuvers [NODONG SINMUN 20 Mar]	D 3
NODONG SINMUN Observes DPRK-USSR Treaty Anniversary [17 Mar]	D 7
Soviet Group Visits Kim Chaek Iron, Steel Complex	D 8
DPRK-Pakistan Friendship Anniversary Observed	D 8
Electrification of Namdokchon-Toknam Railway Noted	D 8

SOUTH KOREA

Culture Minister Remarks on DPRK Propaganda Offensive	E 1
Warning Issued on Using Security for Political Aims [TONG-A ILBO 20 Mar]	E 1
Political Compromise for Nation's Security Advocated [THE KOREA HERALD 21 Mar]	E 3
Religious Circles Urged To Work for Reconciliation	E 4

CAMBODIA

Chea Soth Receives CSSR Deputy Trade Minister	H 1
SPK Calls CGDK Proposal of Peace 'Hypocritical'	H 1
Rannarit Interview on CGDK Proposal, Part 2 [Bangkok THE NATION 20 Mar]	H 2
CGDK Trying To Improve Image Before Reagan Visit [AFP]	H 5
Army Company Mutinies Against SRV; 27 Killed [VONADK]	H 6

LAOS

Kaysone Phomvihan at Vientiane Party Congress	I 1
Reportage on Indochinese Trade Union Conference	I 2
Statements Made, Conference Ends [VNA]	I 2
Lovansai Meets Counterparts [VNA]	I 2
Phomvihan Meets SRV Delegation [VNA]	I 2
Siphandon Greets MPR Minister on Army Day	I 3
Evacuees Flee Thai 'Detention' Camp, Return Home	I 4

THAILAND

Sitthi on Kapitsa's Upcoming Visit, USSR Relations [THE NATION 20 Mar]	J 1
---	-----

Proposal Places CGDK on 'Political Offensive'	J 1
[NAEO NA 20 Mar]	
Situation Along Cambodian Border 'Eased'	J 2
More Officers Show Support for Athit Extension	J 2
[THE NATION 21 Mar]	
Helicopter Reports Called 'Totally Untrue'	J 3

VIETNAM

CPV Secretariat Directive on Congresses	K 1
Pham Hung on Public Security Work in Provinces	K 1
Correction to Item on Nghe Tinh Trade, Traders	K 3

MALAYSIA & SINGAPORE

MALAYSIA

ASEAN 'Shocked' by SRV Reaction to CGDK Plan	O 1
Rithauddeen Rejects Amnesty International Claim [AFP]	O 2
Police Remove Last Muslim Protestors From Mosque [AFP]	O 2

PHILIPPINES

Panama Reneges on Marcos Political Asylum	P 1
Laurel Warns Asylum Deemed 'An Unfriendly Act' [AFP]	P 1
Ministry Reviewing Political Prisoner Cases	P 1
Official Says No Tax Reduction This Year	P 2
UN Recognizes Progress on Human Rights	P 2
[THE NEW PHILIPPINES DAILY EXPRESS 20 Mar]	
Enrile: No Raids, Seizures Without Prior Approval	P 3
CPP Leader Discusses Insurgency With LE MONDE [19 Mar]	P 3
PC Command in Negros Declares Unilateral Truce	P 5
[THE NEW PHILIPPINES EXPRESS 20 Mar]	
Rebels Disguised as Soldiers Disarm Troops	P 6
'All-out' Military Response Called Against NPA	P 6
Commanders Abandon Ceasefire, Order Attacks	P 7
Probe Into Funds Disbursed by Embassy in U.S.	P 8
Millions in Accounts of Marcos Associates Frozen	P 8
Misuari Representative Claims Autonomy Is Goal	P 8
'Muslim Mindanao' Viewed as 'Mianomer'	P 9
Canoy Threatens Secession Move Over Removals	P 10
Radio Veritas Transmitter Destroyed in Revolt	P 11
Ramos Orders Probe [PHILIPPINE SUNDAY EXPRESS 16 Mar]	P 11
Aquino Urges Restoration [AFP]	P 11
PHILIPPINES DAILY EXPRESS Takeover Backed by Ople [20 Mar]	P 12
Pro-Marcos Broadcasters' Removal Demanded	P 13
Columnist Cites Danger of Old IMF- Marcos Policy	P 13
[ANG PAHAYAGANG MALAYA 12 Mar]	
Trade, Industry Minister To Streamline Operations [BUSINESS DAY 14 Mar]	P 14
Foreign Businessmen Concerned About Labor Unrest [BUSINESS DAY 14 Mar]	P 15
Sugar Industry Confident Despite Problems [BUSINESS DAY 14 Mar]	P 15
CB Rejects Call for ALF Interest Rate Cut [PHILIPPINE DAILY EXPRESS 15 Mar]	P 16
Traders Urged To Increase U.S. Bases' Trade Share [MANILA BULLETIN 16 Mar]	P 17
Former Budget Minister Defends Election Spending	P 17
[PHILIPPINES DAILY EXPRESS 18 Mar]	
Coconut Exports in February Show Increase	P 18
[THE NEW PHILIPPINES DAILY EXPRESS 19 Mar]	
Government Reduces Oil Product Prices [AFP]	P 19
Minister Unveils Plans To Tax Wealth, Property	P 20
[PHILIPPINES DAILY EXPRESS 15 Mar]	

SOVIET AIRCRAFT CARRIER SPOTTED OFF OKI ISLAND

OW201209 Tokyo KYODO in English 1204 GMT 20 Mar 86

[Text] Tokyo, March 20 KYODO -- The Soviet aircraft carrier Minsk was spotted heading south of Oki Island in the Sea of Japan Thursday, the Maritime Self-Defense Force (MSDF) said.

The MSDF said the carrier movement, which was accompanied by two missile destroyers, was traced by an MSDF P3C antisubmarine patrol plane at around 3:30 p.m. at a point about 200 kilometers northeast off the island of Oki in Shimane prefecture. It said the Soviet flotilla was steaming at about 8 knots on a southeasterly course.

The Minsk, a Kiev-class carrier, was deployed in the Soviet Pacific Fleet in 1979. It was the first time in two years that the Minsk showed up in the Sea of Japan. MSDF sources said they were not sure whether the Minsk was heading toward the Pacific through the Tsushima Strait or will remain in the Sea of Japan to counter the ongoing U.S.-South Korea "Team Spirit-86" military maneuver.

The MSDF will keep an eye on the Minsk movement, MSDF sources said.

FOREIGN MINISTRY WELCOMES CGDK PROPOSAL

OW201145 Tokyo KYODO in English 1136 GMT 20 Mar 86

[Text] Tokyo, March 20 KYODO -- Japan Thursday welcomed a recent peace initiative by the anti-Vietnam Kampuchean coalition government, calling it an attempt for a "comprehensive political settlement."

The three-party coalition government of Democratic Kampuchea said Monday it is ready to accept the Hanoi-backed Heng Samrin administration in Phnom Penh to form a grand coalition.

In another policy switch, the resistance forces led by Prince Norodom Sihanouk proposed withdrawal of Vietnamese troops from Kampuchea in two stages, rather than a pullout "immediately and all at once" as demanded previously. China has endorsed the proposal but Vietnam rejected it as a "farce."

In a statement, the Foreign Ministry said the Japanese government "highly appreciates" Democratic Kampuchea's initiative. "It is the first proposal put forward by Democratic Kampuchea for a comprehensive political settlement in the form of a concrete scenario for peace," the statement added. Japan, like Vietnam's noncommunist neighbors, has been calling for withdrawal of Hanoi's military presence in Kampuchea to create conditions conducive to a political settlement of the six-year-old regional conflict. Japan does not recognize the People's Republic of Kampuchea installed by Vietnam in early 1980.

PRC'S DEPUTY MILITARY CHIEF CANCELS VISIT

OW101043 Tokyo KYODO in English 1022 GMT 20 Mar 86

[Text] Tokyo, March 20 KYODO -- China's deputy military chief, Xu Xin, has canceled a weeklong visit to Japan scheduled to start March 27, Japanese officials said Thursday. China has told Japan the deputy chief of general staff of the People's Liberation Army was unable to make the visit because of unavoidable circumstances.

The Defense Agency invited Xu last year to reciprocate a visit to China by then Vice Defense Minister Haruo Natsume in May 1985, the officials said.

MITI MAKES 'CONCESSION' TO U.S. ON SEMICONDUCTORS

OW201437 Tokyo NHK Television Network in Japanese 1000 GMT 20 Mar 86

[Text] MITI has worked out concessions on the semiconductor dispute which is at the center of Japan-U.S. trade friction. The main features of the plan are: The Japanese Government will monitor export prices of 256-bit and two other types of Japanese-made semiconductors for the next 3 years.

The share of American-made semiconductors in the Japanese market will be more than doubled in the next 5 years.

As for Japanese-made semiconductors, the Japanese Government will monitor their prices for the next 3 years to ensure that export prices do not fall below the predetermined minimum prices, the government will evoke the trade control act to curb exports. The types of semiconductors to be monitored are 256 kilobits, 64 kilobits, and Eproms.

The United States is pressuring Japan to stop selling semiconductors at unreasonably low prices. According to the concession plan, price cutting through excessive competition will be prevented by having producers make semiconductors using the government's supply and demand forecast as a guide.

As for expansion of American semiconductor exports to Japan, the U.S. share in the Japanese market will be increased to 22-23 percent, or more than double the present share, in the next 5 years.

At the government-level negotiations opening in Washington on 27 March, Japan plans to ask the U.S. side to call off investigation of the dumping charges against Japanese semiconductors in return for the above-mentioned concessions. The Japanese side will seek a settlement of the dispute along these lines.

ENVOY TO EC GATT MEETING REJECTS TRADE CRITICISM

OW190435 Tokyo KYODO in English 0313 GMT 19 Mar 86

[Text] Geneva, March 19 KYODO -- The European Community (EC) Tuesday criticized Japan for gaining excessive and monopolistic profits at the expense of other nations. The criticism came at a preparatory meeting mapping out preparing the agenda for a new round of multilateral trade talks under the General Agreement on Tariffs and Trade (GATT).

The EC claimed that GATT members should discuss the issue of huge trade surpluses enjoyed by "a few GATT member countries" as problem to be faced in improving the function of the GATT system. The countries referred to by the EC were not specified but believed to include Japan, diplomatic sources here said. Japanese delegate Kazuo Chiba took issue with the EC complaint, saying, "Japan's trade surplus is not permanent."

The EC foreign ministers' council adopted a statement on the EC's relations with Japan on March 10. It suggested that GATT members should discuss ways of dealing with problems associated with Japan, including expansion of Japanese imports of manufactured goods and further opening of the financial market.

CULTURE MINISTRY ISSUES STATEMENT ON DEFECTIONS

SK210455 Pyongyang KCNA in English 0424 GMT 21 Mar 86

[Text] Pyongyang, March 21 (KCNA) -- The General Bureau of Film of the Ministry of Culture and Art of the Democratic People's Republic of Korea issued the following statement on March 21.

Sin Sang-ok and Choe Un-hui who had closely cooperated with us in cinematography for years disappeared in Vienna, Austria, on March 13, 1986. On March 17, the U.S. Embassy in Austria announced that they came there and sought "assistance" and the U.S. authorities were "giving assistance" to them. The U.S. State Department made an announcement to the same effect next day. In this connection, the newspapers and news agencies of the United States and other Western countries are making quite a noise about the "seeking asylum" and "defection" of Sin Sang-ok and Choe Un-hui.

As the Embassy of the Democratic People's Republic of Korea in Austria made clear in its statement March 17, their disappearance after going to the U.S. Embassy cannot be regarded as "seeking asylum". They had been in exile after leaving South Korea long ago. They had direct links with our republic, too, and freely engaged themselves in cinematographic activities under the name of the Shin films. While active with their head office in Austria and their branch office in Hungary, enjoying our energetic support, they freely traveled to socialist countries and other countries of the world including Britain, West Germany and France, without subjecting to any restriction.

What sort of "seeking asylum" could there be for them who were active, freely traveling many countries of the world query the fact itself that they freely entered Vienna, Austria, from Hungary, on March 12, is more than enough to prove that they were always guaranteed freedom in their activity. So "defection" is not a suitable word either.

Then, why Sin Sang-ok and Choe Un-hui suddenly disappeared by going to the U.S. Embassy and requested "assistance" query. They were prompted, as has been made plain enough to the world, by the criminal motive to illegally misappropriate a large sum of money of our state, not by any political motive.

On the next day of his arrival in Vienna, Sin Sang-ok went to the America bank there, changed his already-registered signature in the account of his name and requested the bank to issue money only by the newly registered signature in the future. He disappeared that very day.

As for the money deposited in the account of Sin Sang-ok's name at the America bank, it is unquestionably our state fund. Some time ago, Sin Sang-ok decided to sign, on behalf of the Shin films, a contract with the Hungarian "Ma film studio" for the co-production of a feature film "Jinghis Khan" and a contract with Algerian and Cuban film studios for the co-production of a film titled "power and plot" and requested us to send him 3 million dollars for the production of those films. At his request, we remitted 2.3 million dollars to the account of Sin Sang-ok's name at the America bank through the bank of our country in Austria on February 26.

This fund for filmproduction could have been sent by stages, depending on the progress of the production of the films after the contracts were signed.

But we transferred the large amount of money to the account of his name in a lump. Taking advantage of this, Sin Sang-ok changed the signature in the account for the purpose of misappropriating this huge amount of money and hurriedly fled to the embrace of the United States. This eloquently proves that his flight to the U.S. Embassy is nothing but an act to usurp this large amount of money of our state.

We think nothing particular about the fact that Sin Sang-ok and Choe Un-hui ran away to the embrace of the United States, breaking off the good relations of cooperation with us. Sympathetic with their lot, we had so far provided all conveniences at their request and accorded them hospitality overflowing with compatriotic sentiments. Whether they go to the United States or to any other third country, forgetful of our friendliness and hospitality, it is a matter of their free will. We do not care about it. But we can never allow them to illegally misappropriate a large amount of our state fund. We have already notified this to the authorities of Austria where this incident occurred and requested them to take a lawful measure to bar the usurpation of a state fund by an individual, freeze the money and return it to us.

We express the expectation and belief that the law authorities of the republic of Austria will give a just decision, fully taking into account our fair stand and hope in connection with the incident. And we hope that the U.S. authorities will behave prudently not to commit a mistake by patronizing and hiding a non-political ordinary criminal, clearly understanding the criminal nature of Sin Sang-ok's request for "assistance".

According to foreign press reports, the South Korean puppets are now working viciously to take over Sin Sang-ok and Choe Un-hui in South Korea. The aim of this plot of the South Korean puppets is self-evident. The fact itself that Sin Sang-ok and Choe Un-hui sought "assistance" of the U.S. authorities, refusing to go back to South Korea, proves that fascist suppression prevails in South Korea. Therefore, the South Korean puppets attempt to conceal and begot this at any cost.

If the U.S. authorities do such indiscreet act as transferring Sin Sang-ok and Choe Un-hui to the South Korean puppets, it will make things all the more serious. This would mean that the U.S. authorities conspire with the South Korean puppets in hiding and patronizing [as received] criminals and, furthermore, aggravate the confrontation between the North and the South and throw a wet blanket over the resumption of North-South dialogue.

We strongly hold that if the U.S. authorities truly want to guarantee the basic human rights of Sin Sang-ok and Choe Un-hui, they must not defend their criminal attempt to usurp our state fund or commit such criminal act as handing them over to the South Korean puppets.

MINJU CHOSON ASSAILS KISSINGER PATRONAGE OF CHON

SK200514 Pyongyang KCNA in English 0452 GMT 20 Mar 86

[Text] Pyongyang, March 20 (KCNA)--MINJU CHOSON today comments on the fact that former U.S. Secretary of State Kissinger in an article contributed to THE WASHINGTON POST said South Korea cannot be compared with the Philippines and if such a "friendly government" as South Korea is disturbed, a danger will be caused to the United States and it will be isolated in the world.

The author of the commentary says: The outburst of Kissinger is an open challenge to public opinion at home and abroad calling for the liquidation of the military fascist dictatorship of South Korea and for democracy there and made the South Korean people feel sick. In the past days, Kissinger as a senior official of the U.S. Administration played not a "small part" in setting up pro-U.S. dictatorial regimes and had long behind-the-scene relations with the South Korean puppets.

It will be appropriate to say that Kissinger's patronage of the Chon Tu-hwan dictatorial regime is a "reward" to bribes he received from the South Korean stooges. It is a wicked trick which contains the black-hearted intention of Kissinger who is as cunning as a fox.

In making such servants as Kissinger vindicate and patronize the present South Korean "regime" the U.S. imperialists seek to lull public opinion at home and abroad opposing the pro-U.S. dictatorial rule of South Korea, maintain the Chon Tu-hwan military fascist rule by hook or by crook and keep hold on South Korea at any cost as their colony and military base.

The paper says: Futile are the efforts of the U.S. imperialists to revive the traitor Chon Tu-hwan whose days are already numbered.

COMMENTATOR DENOUNCES ROK-U.S. POHANG MANEUVERS

SK210332 Pyongyang Domestic Service in Korean 2141 GMT 19 Mar 86

[20 March NODONG SINMUN commentary by military commentator Ok Sil-son: "Landing Is Precisely an Attack"]

[Text] As part of the "Team Spirit-86" war exercise, the U.S. imperialist aggressive forces and the South Korean puppet Army staged a large-scale joint amphibious landing operation in the area of Pohang on 18 March. According to a report, participating in the landing operation were the 3d Amphibious Landing Force of the U.S. 7th Fleet, the 1st U.S. Marine Corps Aviation Group, and the 3d U.S. Manpower Support Corps, numbering tens of thousands of men of the U.S. imperialist aggressive Armed Forces alone. The puppet Navy and Marine Corps were mobilized in the operation. Also hurled into the landing operation were many naval vessels and equipment items, such as the U.S. 7th Fleet flagship Blue Ridge, battleships, transport ships, and landing craft of the U.S. and puppet forces and, with the aircraft carrier Midway as the axis, various airplanes, and tanks.

At dawn, they began shelling from the warships and bombed the so-called hypothetical coast, devastating it; seized positions through surprise landings; and expanded the corridor. The combat actions of the enemy staged on that day were, in fact, an act of war resembling a real war, and an attack exercise simulating an invasion of our Republic.

The enemy is openly saying that they demonstrated powerful combat strength in the landing operation and that they built an operational system by which they can carry out a landing operation in times of emergency and annihilate someone.

The entire world acknowledges that there is no threat of southward invasion on the Korean peninsula. The time of emergency they rave about means the time when they provoke a new Korean war, and the operational system which they claim to have built is an offensive operational system to wage aggression against the North.

The U.S. imperialists and the Chon Tu-hwan ring, having brought an enormous number of troops into South Korea and the surrounding seas in the deployment stage, which began on 10 February, are attempting to complete an offensive operational system aimed at invading our Republic. In disregard of this stark fact, the U.S. imperialist aggressors and the South Korean puppet clique are describing the "Team Spirit" war exercises as annual defensive exercises, claiming that they pose no threat.

In connection with the landing operational exercise of that day, they said that this provided an opportunity to further strengthen South Korean defense. This is a shameless act of attempting to hide the obvious truth.

Can a landing operational exercise be a defensive military exercise? The terms landing and defense offer opposing concepts from the standpoint of military terminology. Landing precisely means attack. Landing is aimed at waging an attack, and this is carried out through an attack. This is elementary military common sense. The military textbook which the U.S. imperialist aggressors wrote defines the nature of a landing operation as an offensive operation conducted from the sea onto land by joint operations of various services of the armed forces, branches of the army, and troops. As for the objective of a landing operation, they also define it as providing advantageous conditions for subsequent operations by occupying a part of the other side's territory; attacking and securing the other side's airports, ports, and harbors, which the Navy and the Air Force can use as their forward bases; attacking and destroying major facilities; and capturing and commandeering arms, combat equipment, and men. This is clear proof that the U.S. imperialist aggressors regard a landing operation as an offensive operation.

The U.S. military textbook also defines a landing offensive and landing attack as basic forms of landing operations and states that these operations are waged to form a new front in the corridor of the other side or to occupy extensive territory. These very forms -- landing offensives and landing attacks -- are attacks, and their very objective -- forming a front in the corridor of the other side or occupying extensive territory -- is attack.

In reality, the enemy, following the textbook they have written, mobilized numerous naval ships and air force units, bombed and bombarded the hypothetical coast, and waged a surprise attack and occupied it, mobilizing tanks as well. All this was precisely an offensive operation.

In order for a military exercise to be defensive one, it should be designed to maintain, defend, and strengthen one's own position. Specifically, in the case of the Korean peninsula, if they had needed a defensive exercise because of the threat of southward invasion, as they claim, they should have staged an exercise designed to strengthen and defend positions on the coast. For this purpose they would not need to mobilize so many military troops and armed forces or so much firepower for a strike. Instead of strengthening their positions on the coast and striking at targets at sea which are attacking them, the enemy, mobilizing enormous armed forces, annihilated the hypothetical positions of the enemy from the sea, and waged a surprise attack and occupied them.

No matter how the U.S. imperialists and their stooges may like to reverse truth and falsehood, are they not ashamed of raving that a landing operation of this nature is intended for defense? The fact that such an offensive landing operation culminated the "Team Spirit" war exercise is unalterable proof that this exercise is an offensive exercise aimed at invading the northern half of the Republic.

While conducting the "Team Spirit" war exercises annually, the U.S. imperialists have concentrated in the area of South Korea a large landing task force comprising the U.S. Marines stationed on the U.S. mainland and in the Pacific, staging a landing operation in the area of Pohang.

The reason why they have consistently chosen Pohang, on the east coast, for the hypothetical landing point is apparent from the military standpoint. The U.S. imperialists, saying that they are staging the "Team Spirit" war exercise in the place where a war could actually break out, have chosen an area that is similar, in geographical features and climate, to the northern half of the republic. They have chosen Pohang as the site of the landing operation because it has many features similar to the coastal cities of the northern half of the Republic. The enemy does not attempt to hide this fact.

There is another reason for choosing Pohang. There is a great difference between the high and low tides and the sea is shallow along the west coast of our country, causing much difficulty with regard to mobility for the naval fleet of the U.S. imperialist aggressor forces. The enemy, therefore, regards the east coast as good for landing operations. Moreover, near the east coast is Japan, which is used as a forward base and a sally point. Airplanes, making sorties from U.S. military bases on the Japanese mainland, can directly support the landing warfare against the east coast of the northern half of the republic without using the air bases in South Korea. The enemy, during the previous Korean war, landed at Wonsan and made their way westward, attempting to strike at or cut the back of the northern half of the Republic.

The U.S. imperialists are scheming to wage an attack on the coastal cities of our northern half of the republic as soon as they ignite a war in Korea using the method learned from the landing operation completed at Pohang.

That the amphibious operations carried out within the framework of the "Team Spirit" war exercise will not only end merely for the sake of landing but will be linked to operations designed to advance into a corridor further, clearly shows the offensive nature of these operations. If we review the size and equipment of troops participating in the recent amphibious operations, we can say that these operations are not defensive ones.

The number of those U.S. imperialist Marine Corps units and Naval forces participating in the amphibious operations comes to tens of thousands. This number becomes vast with the addition of puppet Marine Corps and Naval forces. The U.S. imperialists mobilized more than 20 types of warships and transport ships, including the aircraft carrier Midway; the Blue Ridge, the flagship of the 7th Fleet; guided missile destroyers [word indistinct] landing craft; and tank landing ships, and various aircraft. The puppets also deployed large quantities of military hardware.

Those troops participating in the operations had continuously conducted real war exercises without exception for an attack against the northern half of the republic, and mobilized tactical equipment designed for an attack without exception. The commander of the U.S. imperialist 3d Marine Corps Division said that tactical exercises had been conducted in Okinawa beforehand on many occasions for the "Team Spirit-86" exercise. He then said: We did not need those who issue directives and those who beat drums because we have passed such a stage. He said further that attack troops will move as one and that they possess the capability for participating in the exercise like they do in a real war.

The absurd remarks of the piratic boss who, babbling about the experience of the past Korean war, brazenly raved that he will carry out offensive operations, forecast that the current amphibious operations will become a very adventurous and offensive war exercise. The current amphibious operational exercise much more clearly shows that the "Team Spirit" war exercise is an offensive exercise designed to preemptively strike the northern half of the republic.

The U.S. imperialists and the South Korean puppet clique said that the U.S. forces occupying South Korea and the puppet Army possesses great military capability and that because of this, a military balance has been maintained on the Korean peninsula. Even though we accept these remarks at face value, yet we believe that if they want to take a defensive posture and to maintain the status quo, they do not need to stage a military exercise by deploying troops from areas outside Korea. Every time the U.S. imperialists have staged the "Team Spirit" war exercise annually, they have deployed tens of thousands of troops and military hardware from military bases on the U.S. mainland, Hawaii, Guam, Japan, and the Philippines.

The military balance referred to by the U.S. imperialists is terminology they use with the troops required for an attack against the northern half of the republic in mind.

More than 40,000 U.S. imperialist aggressive troops are deployed in South Korea. In addition to this, there are more than a million puppet regular Army troops and more than 10 million quasi-military forces in South Korea. They are equipped with sophisticated U.S.-made weapons. What are they going to do by deploying tens of thousands of troops in addition to these vast armed forces? By launching a surprise attack against the eastern and western coasts of the northern half and against our rear area, as well as against the area along the military demarcation line, they are trying to swallow the northern half of the republic at a stroke through air-ground and three-dimensional warfare. There is no other explanation.

If we view the composition of troops and equipment deployed in the "Team Spirit" war exercise, we can see that they are all offensive troops and equipment. What is particularly noteworthy is the fact that the "Team Spirit" war exercise is nothing but an offensive nuclear exercise.

Nuclear weapons are not the type of weapons that can be used in areas along a defense line where enemy and friendly forces are intermingled. This weapon is only necessary for a strike against the rear area of the opposite side. Nevertheless, the U.S. imperialists have deployed nuclear delivery and firing means in the "Team Spirit" joint military exercise on a full-fledged scale. The "Team Spirit" joint military exercise has further become a nuclear war exercise with the U.S. imperialists' use of an offensive strategy, whose basic concept is a preemptive nuclear attack, for this exercise as the momentum.

All facts show that the entire course of the "Team Spirit-86" joint military exercise, as well as the current amphibious operations, is an offensive exercise designed to invade the northern half of the republic.

It is the basic strategy of the U.S. imperialists to invade the northern half of the republic by using South Korea as a springboard and to bring the other socialist countries in Asia under control. To achieve this end, the U.S. imperialists, having designated the Korean peninsula as the first line in U.S. strategy and while increasing the U.S. forces occupying South Korea and the puppet Armed Forces, have turned South Korea into a war powder magazine and into a nuclear military base by deploying great quantities of weapons of mass destruction, including nuclear weapons. They have repeatedly staged such aggressive war exercises as "Team Spirit" annually.

The U.S. imperialists' beautification and patronage of the puppet Chon Tu-hwan's fascist dictatorial rule at a time when the struggle of the people from all walks of life, including students and off-stage figures, has been further stepped up in South Korea to oppose dictatorship and to achieve democracy, influenced by the situation in the Philippines, and when great political chaos has occurred, is related to the military strategy of the U.S. imperialists. The U.S. imperialists are trying to save at any cost dictator Chon Tu-hwan, who is trembling in uneasiness, facing the people's resistance, to provoke a new war by using him, and to implement their aggressive strategy against Korea and Asia.

No matter how boisterously the U.S. imperialists may describe an attack as defense, they will not be able to conceal their criminal nature as those who disturb peace and as aggressors. The current amphibious operations show that the U.S. imperialists and the puppet clique do not want peace and the peaceful reunification of Korea, and that while seeking confrontation with strength, they are advancing toward implementing their military strategy.

Our people are watching, with high vigilance, the war rackets brazenly kicked up by the U.S. imperialists and their stooges. The Korean people will never allow the fellow countrymen in the North and South to be used for the U.S. imperialists' strategy of confrontation and national territory to be used as a battleground for the implementation of the U.S. imperialists' military strategy.

The United States should immediately stop their aggressive war exercise rackets and acts heightening tension in our country and should withdraw their nuclear weapons and aggressive forces from South Korea at the earliest possible date. The South Korean puppet clique should stop the criminal act of sacrificing the people by subserviently following the war policy of their U.S. master. If the U.S. imperialists and the puppet clique aggravate the situation by continuously staging the aggressive war exercise, ignoring the repeated warnings of our people and the people of the world, they will have to bear total responsibility for all the consequences of this act.

NODONG SINMUN OBSERVES DPRK-USSR TREATY ANNIVERSARY

SK170530 Pyongyang KCNA in English 0511 GMT 17 Mar 86

[Text] Pyongyang, March 17 (KCNA) -- NODONG SINMUN today dedicates a signed article to the 37th anniversary of the signing of the agreement on economic and cultural cooperation between Korea and the Soviet Union (March 17, 1949). The signing of the agreement opened a broader avenue for the two countries to develop their relations of traditional friendship and cooperation on a wide scale, the article says, and notes: Over the past 37 years the two countries have pressed ahead with the revolution and construction, supporting and cooperating closely in the spirit of the agreement.

Referring to the successes made by the fraternal Soviet people, particularly to their new achievements in the struggle for the accomplishment of socialism and for communism since the April plenary meeting of the Central Committee of the Communist Party of the Soviet Union held in 1985, the article continues: The recent 27th Congress of the CPSU was a significant congress which laid a new milestone on the road ahead of the CPSU and the Soviet people. Through the congress the leadership role of the CPSU as the organiser and guide of the Soviet people has been enhanced markedly and the unity and solidarity between the party and people have been demonstrated.

The Korean people are sincerely rejoiced over the successes made by the Soviet people in the revolution and construction and firmly support and hail the statement of Comrade Mikhail Gorbachev, general secretary of the Central Committee of the Communist Party of the Soviet Union, calling for the complete abolition of nuclear weapons and just initiatives of the Soviet Union for preventing the nuclear arms race and space militarization and defending world peace and security.

The Korean-Soviet friendship is growing stronger and developing as the days go by. The Soviet visit of the great leader Comrade Kim Il-song in 1984 was a historic event in bringing the friendly and cooperative relations between the two parties, two countries and two peoples to a new higher stage.

The Korean-Soviet friendship is strengthening and developing today and will invariably do so in the future, too, as in the past. The Korean people will make all efforts for this.

SOVIET GROUP VISITS KIM CHAEK IRON, STEEL COMPLEX

SK200454 Pyongyang KCNA in English 0434 GMT 20 Mar 86

[Text] Pyongyang, March 20 (KCNA) -- A friendship get-together with members of the Soviet Government delegation on a visit to Korea was held on March 19 at the Kim Chaek iron and steel complex. Invited there were the members of the delegation headed by Yakov Petrovich Ryabov, vice-chairman of the USSR Council of Ministers, which has come to Korea to attend the 20th session of the Inter-Governmental Economic and Scientific-Technological Consultative Committee between the DPRK and the USSR, and Soviet Ambassador to Korea Nikolay Shubnikov and Soviet Consul General in Chongjin Lev Moskov.

Present there were Kim Pok-sin, vice-premier, Choe Man-hyon, vice-chairman of the Commission of Metal and Machine Building Industries, Kim Chong-u, vice-minister of external economic affairs, An Mun-hon, chairman of the North Hamgyong Provincial Administration and Economic Guidance Commission, and functionaries of the complex.

Speeches were made at the get-together which proceeded in a friendly atmosphere. Souvenirs were exchanged there.

DPRK-PAKISTAN FRIENDSHIP ANNIVERSARY OBSERVED

SK200448 Pyongyang KCNA in English 0432 GMT 20 Mar 86

[Text] Pyongyang, March 20 (KCNA) -- A photo exhibition and a film show were arranged at the Chollima House of Culture on March 19 under the cosponsorship of the Korean Committee for Cultural Relations with Foreign Countries and the Korea-Pakistan Friendship Association on the day of Pakistan.

Present there were Pyon Song-tok, vice-chairman of the Korean Committee for Cultural Relations with Foreign Countries, and other personages concerned and working people in the city. Pakistan Ambassador to Korea Sultan Mohammad Dutta and his embassy officials were invited there.

The attendants saw photographs showing achievements of the Pakistani people in the building of a new society before appreciating a Pakistani documentary film.

ELECTRIFICATION OF NAMDOKCHON-TOKNAM RAILWAY NOTED

SK200441 Pyongyang KCNA in English 0430 GMT 20 Mar 86

[Text] Pyongyang, March 20 (KCNA) -- The electrification of the Namdokchon-Toknam railway line has been completed. With the haulage switched over to electric traction on the line between Namdokchon and Toknam, a major coal field of South Pyongan Province, the material and technical foundations of the nation's railway transport have been further consolidated and the unified system of haulage by electric locomotives has been established.

And the turnaround of the freight waggons in the section has been cut to one-third and freight haulage capacity more than doubled. And it has become possible to ensure a more effective operation of the industrial establishments through a concentric transport of coal.

The electrified railway was opened to traffic with a due ceremony on March 19.

CULTURE MINISTER REMARKS ON DPRK PROPAGANDA OFFENSIVE

SK210838 Seoul YONHAP in English 0820 GMT 21 Mar 86

[Text] Seoul, March 21 (YONHAP) -- The South Korean Government said Friday that the North Korean communist regime has launched a massive propaganda offensive, taking advantage of various conflicts that have arisen in Korean society and political circles and of changes in the Philippines.

Yi Won-hong, culture and information minister, said in a nationally televised statement: "At this crucial stage, we should take special precautions lest the recent developments in political circles, campus unrest, and religious and labor problems should be used in the North Korean communist regime's plan to endanger our national unity and security." He also issued a strong warning on the "dangerous results" of the recent political conflicts, campus unrest, and religious, as well as labor, problems on South Korea's national unity and security.

Yi called on the nation to guard against the possible reflection of "our various kinds of internal partisan confrontations" as "division and chaos" in the eyes of the North Korean communists. He said that Korea should step up its vigilance and should never allow "some radical ideologies and movements, including popular revolutionary theories, in our country" to provide the North Korean regime with grounds for miscalculation.

Yi also accused the Pyongyang regime of distorting information about the current situation in South Korea, comparing it to that of the Philippines before the ascendancy of President Corozon Aquino and of encouraging dissidents and religious figures to lead the movement expediting the process of democratization.

"We must be well aware that the North Korean communist regime's psychological warfare will weaken the nation's spiritual combat capability and will collapse the unity of the social organization," he added.

He disclosed that Pyongyang's propaganda offensive against Seoul has increased rapidly. For a one-month period, beginning in mid-February, the number of North Korean propaganda offensives carried out in newspapers and broadcasting stations totaled 250, and the number of North Korean propaganda leaflets collected in February was twice the number collected last year, he said.

Yi said that Pyongyang will not reserve any ways or means to obstruct the 1986 Seoul Asian Games or the 1988 Seoul Olympics in order to destroy South Korea's opportunity to launch a second economic take-off. He also warned against rumors that he said would create chaos and conflict and that would benefit the North Korean communists. The information minister called on Pyongyang to immediately halt its propaganda offensive, which is "full of falsehood and plots."

WARNING ISSUED ON USING SECURITY FOR POLITICAL AIMS

SK201330 Seoul TONG-A ILBO in Korean 20 Mar 86 p 2

[Editorial: "North Korea's Recent Military Moves -- Using 'Threat' for Political Purposes Will Dampen the Sense of Security"]

[Text] Our peaceful daily lives, in which we go to work in the morning, work hard during the day, and return home in the evening, can be destroyed overnight if a war breaks out all of a sudden one day.

The MiG-23 tactical planes deployed at North Korea's Pukchang Airbase can bomb Seoul in 17 minutes, and the North Korean Army, more than 65 percent of which has been deployed to forward areas near the front, has shortened the time required for a surprise attack on the metropolitan area to about 8 minutes, according to a report. SCUD-B surface-to-surface long-range missiles, whose range is 270 km, can directly attack Seoul from Pyongyang, and, if deployed in the forward area, can reach Taejon as a target.

Besides, if the 100,000-strong special forces of the North Korean puppets, disguising themselves as ROK soldiers, infiltrate deep into our rear area aboard AN-2 planes and U.S.-made helicopters which can hardly be detected by radar, engaging a harassing operation, and even use the dreadful chemical weapons, our homes and work places will become places of turmoil overnight.

Defense Minister Yi Ki-paek, disclosing this fact at his 20 March press conference, said: We are afraid that North Korea, which began building up arms before we did, might undertake an armed provocation within 2 to 3 years from now, before the equipment it maintains becomes obsolete and useless.

Our defense posture, however, is far from loose. Although we began the modernization program of the ROK Army 12 years later than North Korea, the ROK Armed Forces have now secured an enormous combat strength, and, in addition, the 40,000 strong U.S. forces in the ROK and the U.S. military forces in the region at large are ready with the capability of carrying out effective joint operations in the event of an emergency.

The ongoing "Team Spirit-86" is a joint military exercise of the ROK and U.S. forces for defense against the North Korean puppets' southward invasion. Some people, including some students, are opposing the "Team Spirit" exercise, calling for an immediate halt to it, on the grounds that it subjugates the country to the United States. Antiwar and antinuclear slogans are also heard, although they sound immature. Of course, this is one of the peace movements of the world's progressive intellectuals.

If the present threat of war disappears from this land and the issue of peace is settled, the intellectuals of our country can raise such romantic voices. However, the North Korean military threat exists in such a specific manner that we can ill afford to utter such idealistic talk.

As Defense Minister Yi admitted, the memory of war is growing dim after a lapse of 30 years since the Korean war, and, because those in power in the previous era used national security for the maintenance of power, it is true that some people tend to be suspicious about the urgent reality of security.

Nevertheless, we cannot deny the fact that the North Korean military threat exists. As seen from the remarks of many U.S. Government officials, the ROK and U.S. Governments share almost the same view concerning the North Korean military threat. It may be a natural conclusion arrived at by the ROK and U.S. military authorities, the experts that have been closely watching the military situation, whereby they have detected signs that North Korea has completed its war preparations, judging from its recent moves, because it seems that they can arrive at such a conclusion if they keep an eye on the North Korean military moves and analyze their intentions over a prolonged period of time. We note here, however, a need for constant caution so as not to dampen the people's consciousness of national security by using such a military reality for political purposes.

POLITICAL COMPROMISE FOR NATION'S SECURITY ADVOCATED

SK210052 Seoul THE KOREA HERALD in English 21 Mar 86 p 4

[Editorial: "Heightened Tension Along DMZ"]

[Text] Few would argue against saying that modern war is not merely a conflict between soldiers but equally one between peoples. The same is true, and perhaps to an even greater extent, of deterring war: signs of weakness that can be indicated as much as much by internal vulnerability as by military inferiority can easily tempt an enemy to become venturous.

Minister of National Defense Yi Ki-paek, in a news conference he called yesterday to expound on the nation's security situation, quoted the old proverb "you are your own worst enemy" to warn against internal division and social confusion that could undermine national security. His theory is appropriate, given the fact that modern war, or deterrence of it, is characterized by all-out national endeavors.

Minister Yi, sharing the views of many military analysts both at home and abroad, warned that the nation will face "a grave danger of an outbreak of war at any moment between now and the end of 1988." He cited many reasons for that conclusion and, in our view, they are all well founded.

At this juncture, one must not fail to understand that Communist North Korea has refrained from reinvading the south since the Korean war it triggered in 1950, despite scattered provocations, not because it has had no intention of doing so, but, obviously, because it has seen little chance of success.

North Korea, by all indications, has already completed preparations for either an all-out attack, guerrilla warfare, or a combination of the two. As revealed by Yi, North Korea, as of the end of last year, had concentrated over 65 percent of its military might along the frontline areas, making it possible to mount a surprise attack. As a result, the flight time required for a surprise attack on Seoul has been reduced to eight minutes.

He noted that the North now possesses a 100,000-strong commando force, which is the largest of its kind in the world, as well as a stockpile of an estimated 180 to 250 metric tons of chemical weapons, including mustard gas and nerve gas. Especially worthy of note are the growing military ties between North Korea and the Soviet Union, by means of which the North has acquired advanced weapons such as MiG23 fighters and SCUD missiles that can attack Seoul from Pyongyang.

This military linkup is certain to embolden Pyongyang's venturist attempts against South Korea. Such attempts would coincide with intensification by the Soviets of their traditional policy of southward advancement, conspicuous since the rise to power of Gorbachev following their drastic military buildup in the Far East.

It is against this backdrop that Pyongyang's Kim Il-song, describing the 1988 Seoul Olympic Games as "not a simple athletic question but a serious political issue," went so far as to threaten in a recent mass rally: "Our people cannot sit idly by; it is more than natural for us to oppose and reject the Seoul Olympic Games." This is indicative of how Pyongyang Communists are becoming fretful about Seoul's growing stature in the eyes of the world.

They are certainly obsessed with the thought that time goes against their cause, and there are sufficient signals indicating that Pyongyang is becoming desperate to realize its intentions against the South -- the communization of the whole peninsula -- before it becomes too late. Considering the adventurist unpredictability demonstrated by the Pyongyang regime on so many occasions, wishful expectations, void of practical preparedness, would only invite catastrophe.

As President Chon Tu-hwan said at the Air Force Academy commencement ceremony Wednesday, now is the time for the nation to ride "a rising wave of fortune." This period, at the same time, contains "the greatest danger ever of a recurrence of war." Whether or not the nation can successfully cope with the formidable challenges of the few years to come will determine its future viability.

All of us should look squarely at the harsh realities facing the nation, lest we allow the northern Communists to put their plots into motion. We must refrain from all partisan actions that could lead to internal division and thus compromise our national security. A cool-headed, far-sighted approach is in order for the good of all, even those who are now unaware of the grave implications of the situation.

RELIGIOUS CIRCLES URGED TO WORK FOR RECONCILIATION

SK201224 Seoul YONHAP in English 1100 GMT 20 Mar 86

[Text] Seoul, March 20 (OANA-YONHAP) -- Vice Culture and Information Minister Kim Yun-hwan said Thursday that South Korea's religious circle should serve as centripetal force for the realization of national reconciliation and unity. Kim said that the attitude of some religious people who seemed to support a certain political party or faction only causes confusion in the society.

Addressing a meeting of a society of Christian journalists in Korea, Kim said that indiscriminate political activities by some religious people in the latter part of the 1980s is a matter of great worry. Kim said that the government has advocated the "grand politics" and is doing its utmost to create a reconciliatory atmosphere so that all political problems, including the issue of revising the constitution, may be settled through dialogue.

As the weight of Christianity in the Korean society has grown considerably these days, the nation's Christians also should bear in mind that their responsibility has increased, too.

CHEA SOTH RECEIVES CSSR DEPUTY TRADE MINISTER

BK200745 Phnom Penh SPK in French 0356 GMT 20 Mar 86

[Text] Phnom Penh, 20 Mar (SPK) -- Chea Soth, member of the KPRP Central Committee Political Bureau, vice chairman of the Council of Ministers, and minister of planning, received Jan Stracar, the visiting deputy minister of foreign trade of the CSSR, in Phnom Penh Wednesday afternoon.

The Cambodian leader expressed satisfaction with the fruitful development of the all-round cooperation between Cambodia and Czechoslovakia, calling it an important factor for the growth of Cambodia's economy. He thanked the Czechoslovak party, Government, and people for the aid given to the Cambodian people, especially in the restoration of their economy.

For his part, the Czechoslovak deputy minister expressed his belief that the successes of the all-round cooperation between Czechoslovakia and Cambodia, particularly in the commercial sector, contribute to the strengthening of the bonds of solidarity and friendship existing between these two countries. Jan Stracar also hailed the development taking place in all fields in Cambodia over the past 7 years under the leadership of the KPRP.

SPK CALLS CGDK PROPOSAL OF PEACE 'HYPOCRITICAL'

BK201140 Phnom Penh SPK in English 1113 GMT 20 Mar 86

[Text] Phnom Penh SPK March 20 -- Gangs of the so-called "Coalition Government of Democratic Kampuchea", making the best of a bad situation have staged another Beijing-masterminded theatrical scene about what they called "a comprehensive peace plan" for Kampuchea.

While people around the world are demanding for the elimination of the Pol Pot clique and for the Kampuchean peoples right to live in freedom and security, never again threatened by bloodshed, the Chinese expansionists, working hand in glove with the U.S. imperialists and the reactionary circles in ASEAN countries, beefed up the Pol Pot clique by creating the so-called "CGDK" in Kuala Lumpur on June 22, 1982 which is in fact the Polpotists in disguise.

It is common knowledge that both Son Sann and Sihanouk are just strawmen used by Beijing and Washington to oppose the revival of the Kampuchean people. But their mutual mistrust and animosity are too serious for them to get along with one another. The rulers in Beijing, therefore, have often had to call them to order. However, the power struggle among the Khmer reactionaries has been going on ever since they were brought together.

Moreover, they have met with one setback after another, particularly their bitter defeats in the 1984-85 dry season, thus making their morale lower and lower and their internal conflicts more acute. Their men lost heart and a good number of them broke away and rallied to the revolution.

In the face of these plights their bosses in Beijing decided to change their diplomatic tactics by not sticking any longer to the unrealistic UN resolutions in the past years through subsequent proposals made by ASEAN countries.

For the Kampuchean people, the so-called "CGDK" is only a mask of the universal condemned genocidal Pol Pot gang. It is, therefore, unthinkable that these gangs should have their rights to speak about any peace plan for Kampuchea.

Such plan is clearly aimed at cheating the public opinion. It is hypocritical to say about the settlement of the Kampuchean question without eliminating Pol Pot, because that would mean supporting Beijing's policy of using its lackeys to destabilize the situation in Indochina and Southeast Asia as a whole.

So these traitors and reactionaries have no reason to put themselves on an equal footing with the government of the Peoples Republic of Kampuchea, the sole master of the country and the only authentic spokesman of the Kampuchean people. And why should the P.R.K. Government, which has enjoyed support from all genuinely patriotic Kampucheans, make a compromise or share power with a handful of criminal exiles living as the out-laws and on foreign hand-outs. If they have any conscience left, despite their irresponsibility and unscrupulousness, Sihanouk, Son Sann and other individuals should stop before the last bridge is burned.

To the Thai ultra-rightists, "reasonableness and practicalness" means the stepped-up assistance to bandits and murderers who represent nobody. And that is precisely the essence of Beijing and Bangkok's policy of state terrorism.

For the Kampucheans, as stated by the 10th, 11th, 12th conferences of the three Indo-chinese foreign ministers, two aspects of the political solution to the Kampuchean question have to be distinguished: the internal and the international. Still for the population as a whole, any return to power by those murderers and bandits is unacceptable.

RANNARIT INTERVIEW ON CGDK PROPOSAL, PART 2

BK200135 Bangkok THE NATION in English 20 Mar 86 p 4

[Second and final part of "exclusive" interview with Prince Norodom Rannarit, personal representative of CGDK President Norodom Sihanouk and supreme commander of National Sihanoukist Army, by NATION correspondent Somphong Kittinaradon on 18 March -- place not given]

[Text] Q: How do you assess the latest Chinese stand with regard to the announcement of the joint communique in Beijing?

A: The issuance of the joint communique in Beijing shows that China has already softened her position because without China's blessing, nobody can say that in Beijing. You know, just a few days before, China's stance was very firm. Some (Chinese) officials told me then that it's not yet the time to negotiate with Vietnam, but just to talk about negotiations. But now it came in the Beijing communique. Nobody can imagine such a move without China's blessing.

And maybe, ASEAN has played a role in this matter. The United States, too. I am very, very happy to see that China is now more flexible. You know, the Chinese by allowing the announcement of the joint communique to be issued in Beijing showed real willingness to help solve the Kampuchean problem.

In parallel, I'd also like to point out that if Vietnam continues to pursue its military solution to the Kampuchean issue, we will continue our military struggle and the Chinese will continue to support us in our just struggle. We cannot give up our struggle because we are fighting not only for the independence of Kampuchea but also for stability and peace in the region. This is the reason why the Royal Thai Government [RTG] is supporting us because the RTG knows very well that we are fighting to liberate our country and also to allow the region to restore peace and stability because without a genuinely neutral and independent Kampuchea, the whole region will not be stable.

At this point, I would like to emphasize that we are very grateful to the Chinese because without the military support from China, we cannot go on. On the other hand, the Chinese show that they are very flexible, their real willingness to solve the Kampuchean problem. And now, the ball, if you play tennis, is in the Vietnam's court.

Vietnam has always sent the ball into our court but for the first time, very rightly -- I am very happy to say that the ball is now in the Vietnamese and Soviet courts.

Q: Taking into account the policy objective of Hanoi that the Heng Samr'n regime remains in power in Kampuchea and this is the reason why the Vietnamese have always insisted on the elimination of the so-called Pol Pot clique as a political and military entity, do you think that the Vietnamese will accept the proposal which boils down to power-sharing among the four Khmer factions?

A: I agree that the Vietnamese want to keep the Heng Samrin regime in power. But the question is how long they can go on fighting in Kampuchea. They have their will. It is strong but reality is something else. You see, as the Americans say, the Vietnamese are trying to make their dream come true. I have mentioned that the resistance forces are making real progress in areas where the Vietnamese are now getting into trouble themselves. But how long can they keep up the Heng Samrin regime? Yes, you are right that the Vietnamese are trying to keep the Heng Samrin regime in power. It is also our duty to change the course of things, of history, of events.

We are well aware that the Vietnamese are trying to colonize our country through its control over the puppet regime. But it is our duty to make them more reasonable. It is a reality that they will finally have to sit down and negotiate. I think very soon, the Vietnamese will have to negotiate. Of course, they cannot accept all the points in the proposal, or so it appears to me. But the Vietnamese are clever. They are not only facing Khmer resistance now but they are also facing international pressure abroad. The Vietnamese cannot say no to the proposal. But they will say: Well, this point and that point are negotiable. So, they cannot ignore our peace proposal.

The Vietnamese also have to take into account the new Kremlin policy. The Soviet Union also wants to solve the Afghan problem. And as you know, how the Vietnamese respond to the proposal will prove their sincerity. The world is watching the Vietnamese. Nobody can reject the proposal out of hand, believe me.

They may, however, accept some points and counter-propose other points. Maybe, they would say that the negotiations must also be attended by the Heng Samrin (in the first step of the plan which calls for negotiations with Vietnam and probably other countries on troop withdrawal). Maybe, the Vietnamese may say 'yes' to the four-way government proposal but add that it must be within the framework of the People's Republic of Kampuchea (PRK). Something like that, you know.

Q: How about the Soviet factor? Do you think it is possible for the Russians to pressure Vietnam into agreeing to a compromise?

A: I really don't know. But on the one hand, it appears to me that the Soviet Union is trying to normalize relations with the United States and China and on the other hand, Vietnam also seeks to improve relationship with China. You know, you cannot ignore the heavy pressure China applies on Vietnam. To answer your question about the Soviet factor, the war in Kampuchea cannot continue without Soviet support for Vietnam.

I have been told by Chinese leaders during my recent visit to Guangzhou to meet Prince Sihanouk that they would accept the Russians to have their bases at Cam Ranh Bay and Da Nang. The Chinese said that they were not against the Russian presence and that they were not asking the Russians to withdraw from Vietnam but they were asking Vietnam to pull out its troops from Kampuchea. They said they would not raise objections to the Russian presence in Vietnam because it is up to Vietnam to accept or reject it.

I have also been told that the Vietnamese themselves, according to some American friends, are not very happy with the Soviet presence in their country because the Russians right now don't allow the Vietnamese to approach the exclusive areas, not to mention entering the bases. And they sent some officials to Washington to say that they don't want the Russians because the Russians consider their country as their own. And so, I think the Vietnamese are now in great troubles in Kampuchea and in their own country as well.

The Vietnamese are now in the same situation as the Lon Nol armed forces before the regime crumbled. During the war, Lon Nol army stayed only in the towns and firing shells aimlessly. And in Samraong town now, the Vietnamese are doing the same thing. They are firing without knowing the real targets because they don't have visible targets. I can tell you that one of our units just sent a message saying that the Vietnamese gunners missed their target by at least four kms. I won't tell you four kms east or west or south of the target; otherwise the Vietnamese would then know the location of the target.

They are really in great trouble, although I don't want to underestimate the strength of the Vietnamese forces. 170,000 troops are strong enough but I just want to emphasize that we have made real progress. Secondly, the Vietnamese are waging a war of invasion and so they cannot expect support from Khmer people.

Q: Given the fact that the Vietnamese Communist Party is going to hold its sixth party congress late this year, do you foresee the possibility that the Hanoi leadership may review its Kampuchean policy?

A: I don't know. I don't know the secrecy around those men in Hanoi but I think that they are very stubborn. They still believe that they are capable of defeating the French and the Americans and so why can't they defeat us? Hence, they will continue trying to destroy the resistance. But I have also learned that the younger generations in Vietnam have started thinking now that around their country, even in China and in Thailand, you have made tremendous economic progress. The Vietnamese cannot ignore the progress around their country. The war they are waging ignore the progress around their country. The war, they are waging is weakening their own economy and their own people.

But maybe they think that the war inside Kampuchea cost them less than what they gain. You know, they are exploiting natural resources in our country. Fish, for example. But on the other hand, you know it's like a carrot and stick. If the Chinese stick hits them harder and the Kampuchean carrot becomes less sweet while the carrot (aid) from Japan, ASEAN and the West appears to be sweeter, then Vietnam may have second thoughts.

Q: How about the American role? Do you think it is possible for the United States to become more involved in the search for a Kampuchean solution? And how about the American aid?

A: Well, you know. I don't think the financial aid from the Americans will increase. But in terms of diplomacy, the Americans have reassured me from time to time that they will not normalize relations with Vietnam unless Hanoi pulls out its troops from Kampuchea. This is a consistent U.S. policy towards Kampuchea and I think that is enough.

Q: How about the question of the American aid worth five million dollars?

A: Five or three point five, I don't know. Yes, it's coming. They are coming together to examine the spending of the aid in terms of training because the aid cannot be used for military purposes.

Q: Will the U.S. \$3.5 million aid be split up equally for the two non-communist factions?

A: I don't know. We will have to negotiate on this question. We negotiate together to formulate an assistance programme. I think it will be for training, technical and medical. We will settle the question together: The ANS, the KPNLF, the Americans, the Thais and Singaporean friends as well.

Q: Have you settled the question on how the aid will be channelled to you?

A: No. There are no more problems. The aid will be channelled through our friends.

CGDK TRYING TO IMPROVE IMAGE BEFORE REAGAN VISIT

HK200844 Hong Kong AFP in English 0805 GMT 20 Mar 86

[By Michael Adler]

[Text] Bangkok, March 20 (AFP) -- The Cambodian resistance's offer of a new peace proposal to Vietnam this week is an attempt to improve its image before U.S. President Ronald Reagan comes to Asia, a top resistance official said here Thursday. Prince Norodom Rannarit, personal representative of resistance coalition president Prince Norodom Sihanouk, who is his father, told AGENCE FRANCE-PRESSE: "With the Reagan and (Indonesian Foreign Minister Mokhtar Kusumaatmaja) trips coming, we had to act in advance."

He said the resistance had lost the diplomatic initiative to peace offers from Vietnam and its main backer, the Soviet Union, "who are trying to show that we are unreasonable." The resistance had to make a counter move before Mr Reagan's meeting April 29 in Bali, Indonesia, with foreign ministers from the Association of Southeast Asian Nations (ASEAN), he said. Mr Reagan will be stopping in Bali on his way to an industrialized nations summit in Tokyo in May.

Indonesian Foreign Minister Mokhtar, ASEAN intermediary with Vietnam on the Cambodian problem, is expected to visit Hanoi soon, although a date has not yet been set. ASEAN -- Which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand -- and China are the main backers of the some 50,000 resistance guerrillas opposing an estimated 150,000-170,000 Vietnamese troops in Cambodia to prop up the Heng Samrin government Hanoi installed in 1979.

The two non-communist resistance parties campaign actively for international support and recently were granted 3.5 million dollars in aid by the U.S. Congress.

Analysts here said China and ASEAN were anxious for the coalition to look better politically before the U.S. President's trip. Prince Rannarit said: "ASEAN backers told me they were not so happy about our rigid stand of unconditional withdrawal (of Vietnamese troops) and rejecting proximity talks (between the Cambodian parties)."

He said the resistance Coalition Government of Democratic Kampuchea (CGDK), which is recognized by the United Nations but unable to establish a genuine foothold in Cambodia, "is not in a position to be rigid."

Vietnam has promised to withdraw its troops by 1990 but the Soviet Union has hinted it would welcome a political solution in 1987. The main sticking point has been Hanoi's refusal to negotiate with the former rulers of Cambodia, the Khmer Rouge, who are the most powerful CGDK member.

The CGDK announced Monday in Beijing an eight-point peace plan, which includes a two-phase withdrawal of Vietnamese groups and forming a quadripartite government of the three resistance factions and the Heng Samrin regime.

Diplomats said the surprise proposal was unprecedented in its detail and marked the first time the coalition had formally proposed either forming a government with Heng Samrin or accepting a Vietnamese withdrawal that, at least in its first phase, would be neither unconditional nor complete.

China said it welcomed the proposal, which was a shift in its traditional hostility to any coalition government in Cambodia including Heng Samrin forces. The plan did not, however, exclude the Chinese-backed Khmer Rouge, believed responsible for the death of up to two million Cambodians during their bloody rule from 1975 until they were ousted by the Vietnamese.

Vietnam on Wednesday formally rejected the proposal, blasting it as "Beijing's usual farce" and "designed to slander Vietnam."

Prince Rannarit said: "No one can imagine that Vietnam would say bravo but I think that Vietnam will continue to explore, parallel with their rejection, ways to use it as a basis for discussion."

ARMY COMPANY MUTINIES AGAINST SRV; 27 KILLED

BK200226 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 19 Mar 86

[Text] On 1 March, a company of fraternal Cambodian soldiers posted at Ta Khiev on South Sisophon Battlefield mutinied against the Vietnamese enemies, killing 27. These fraternal Cambodian soldiers then fled back home.

It is to be noted that on 28 December 1985, the fraternal Cambodian soldiers posted at Ta Khiev on South Sisophon Battlefield fired upon the Vietnamese enemies, killing or wounding nearly 100 of them.

This is a good example set by the fraternal Cambodian soldiers posted at Ta Khiev on South Sisophon Battlefield which contributes significantly to our offensive to smash and cause disturbances among the Vietnamese enemies on the Cambodian battlefield. We call on the fraternal Cambodian soldiers in other areas to quickly turn against the Vietnamese enemies by shooting them, destroy their weapons of war, or launching other activities against the Vietnamese enemies, and flee, either to join our national army nearby or back home.

KAYSONE PHOMVIHAN AT VIENTIANE PARTY CONGRESS

BK201134 Vientiane Domestic Service in Lao 0500 GMT 20 Mar 86

[Text] On 19 March, Comrade Kaysone Phomvihan, general secretary of the LPRP Central Committee and chairman of the Council of Ministers, addressed the delegates to the first congress of the party committee of Vientiane municipality, which began its second day in the municipality in an atmosphere of solidarity and great expectations.

In his address, Comrade General Secretary Kaysone Phomvihan, speaking on behalf of the LPRP Central Committee, wholeheartedly hailed the historic Vientiane municipality party committee congress, which is being held at a time when the Vientiane municipal residents as well as the entire Lao people are joyously implementing the ninth resolution of the Third Plenum of the LPRP Central Committee and are striving toward new victories and achievements to welcome the forthcoming Fourth LPRP Congress.

The comrade general secretary pointed out certain outstanding aspects of the current world and regional situations which are very tense due to the warmongering policy pursued by the U.S. imperialists and the other international reactionaries. At the same time, Comrade Kaysone Phomvihan noted the developments in the Indochinese countries in which the struggling movements to defend and build the socialist countries are rigorously underway and are winning more victories with firm steps. He said that these victories have been scored thanks to the strengthening of the special solidarity and all-round cooperation among the parties, states, and peoples in the three fraternal countries -- Laos, Vietnam, and Cambodia.

Comrade Kaysone Phomvihan also reviewed the fruits and great victory of the 27th CPSU Congress, saying those successes clearly indicate advancement and a new turning point in the acceleration of the economic and social development in the USSR and an increase in the efficiency of the leadership of the CPSU in the struggle to defend and to maintain international security. He also said that the congress was greatly beneficial to and became an invaluable lesson for the Lao people in making preparations to convene the forthcoming fourth party congress.

Comrade General Secretary Kaysone Phomvihan also highly valued the progress and firm victory scored by the Vientiane municipal residents over the past 10 years. Most notably in the work of socialist economic transformation and construction. Party cadres and members of the grass-roots level have been consolidated with new quality. The revolutionary administrations at all levels have been gradually consolidated and strengthened and our people can now understand their rights and duties in carrying out their work. At the same time, Comrade General Secretary Kaysone Phomvihan instructed and advised all the delegates to step up the implementation of the party's political tasks in the new period in order to contribute to continually developing the consolidated strength of the revolution in our country.

Attending the address of the comrade general secretary were Comrade Souphanouvong, member of the LPRP Central Committee Political Bureau, president of the LPDR, and chairman of the Lao Front for National Construction; Comrade General Sisavat Keobounphan, secretary of the party Central Committee and secretary of the Vientiane municipality party committee; and more than 200 full delegates to the congress.

REPORTAGE ON INDOCHINESE TRADE UNION CONFERENCE

Statements Made, Conference Ends

OW190823 Hanoi VNA in English 0730 GMT 19 Mar 86

[Text] Hanoi VNA March 19 -- A conference of the leaders of the trade union organizations of Laos, Kampuchea and Vietnam closed in Vientiane on March 18.

The Lao delegation was led by Thitsoi Smobatdouang, alternate member of the Lao People's Revolutionary Party Central Committee and president of the federation; the Vietnamese delegation by Pham The Duyet, alternate member of the Communist Party of Vietnam Central Committee and vice president and general secretary of the V.F.T.U; and the Kampuchean delegation by Mat Ly, member of the Political Bureau of the Kampuchean People's Revolutionary Party Central Committee, and president of the trade unions federation.

The conference issued a communique welcoming the achievements of the working class and people of the three Indochinese countries and the foreign policies of peace and friendship of the three governments. The communique welcomed the great success of the 27th Congress of the Communist Party of the Soviet Union.

The three trade union leaders signed a cooperation agreement for the coming period.

Lovansai Meets Counterparts

OW201550 Hanoi VNA in English 1450 GMT 20 Mar 86

[Text] Hanoi VNA March 20 -- Sisomphon Lovansai, Politburo member of the Lao People's Revolutionary Party Central Committee and vice president of the People's Supreme Assembly, on March 19 received in Vientiane the Vietnamese and Kampuchean trade union delegations to the recent conference of trade union leaders of the three Indochinese countries held in the Lao capital.

The Lao vice-president acclaimed the fine results of the conference and recalled the traditional unity and solidarity of the trade union organizations of the three countries forged in the national liberation fight of each people.

Earlier in the day, the Central Committee of the Lao Federation of Trade Unions (LFTU) held a meeting at the plywood factory in Vientiane to welcome the success of the Lao, Vietnamese and Kampuchean trade union leaders' conference.

Phomvihan Meets SRV Delegation

OW201558 Hanoi VNA in English 1455 GMT 20 Mar 86

[Text] Hanoi VNA March 20 -- Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers, received in Vientiane this afternoon the visiting delegation of the Vietnamese National Assembly led by Chairman Nguyen Huu Tho. Leuam Insisengmay, member of the Standing Committee of the Lao People's Supreme Assembly, and Vietnamese Ambassador Nguyen Xuan were present on the occasion.

Kaysone Phomvihane warmly welcomed the Vietnam National Assembly delegation's current visit to Laos which, he said, would help strengthen the militant solidarity, special friendship and allround cooperation between the two countries. Kaysone Phomvihane stressed that over the past decades the peoples of Laos and Vietnam have fought shoulder to shoulder and have won victories together. At present, in face of the plans and acts of aggression and sabotage conducted by imperialism and international reaction, the Lao and Vietnamese peoples have enhanced their solidarity and mutual assistance to safeguard the revolutionary gains of each country, increase the might of the Indochinese countries and contribute to peace, stability, friendship and cooperation in this region.

The reception took place in a warm atmosphere of fraternal solidarity.

SIPHANDON GREETES MPR MINISTER ON ARMY DAY

BK200320 Vientiane Domestic Service in Lao 0430 GMT 18 Mar 86

[Army Day greetings message from LPDR Defense Minister General Khamtai Siphandon to MPR Defense Minister Colonel General Jamsrangiyn Yondon -- dated 18 March]

[Text] To Comrade Colonel General Jamsrangiyn Yondon, defense minister of the MPR, Ulaanbaatar:

Respected comrade minister, on the occasion of the 65th anniversary of the Mongolian People's Army, on behalf of the cadres and combatants in the entire Lao People's Army and in my own name, I would like to convey wholehearted greetings and best wishes to you, comrade, and through you, to all fraternal cadres and combatants in the entire MPA.

Over the past 65 years, under the leadership of the noble and glorious MPRP, continuing to pursue the tradition of Supreme Commander (Sugi Bataa), and with the effective assistance from the Soviet Armed Forces, the MPA, together with the Mongolian people, have scored many precious, heroic deeds in the cause of defending and building their socialist MPR. At present, the MPA has become a well-organized and modern army which has been stronger with each passing day. It has worthily contributed to the enhancement of the strength of the socialist community as well as of force for the maintenance of peace in the world.

On this glorious occasion of the historical day of the MPA, on behalf of all cadres and combatants in the entire LPA, I would like to express great gratitude to the party, Government, and fraternal People's Army of Mongolia for having always given wholehearted support and assistance to the Lao people's struggle to defend and build our socialist country. The Lao Army and people highly appreciate the relations of fraternal friendship and close militant solidarity between the two peoples and two Armies of Laos and Mongolia.

I wish the heroic MPA under the leadership of the MPRP headed by Comrade Batmonh new, even greater achievements in the cause of defending and building material and technical foundations of socialism in the MPR. May the relations of fraternal friendship and close militant solidarity between the two peoples and two armies of Laos and Mongolia last forever! I wish you, comrade minister, good health and new, ever greater success in performing your noble tasks.

With high respect,

[Dated] 18 March 1986

[Signed] Gen Khamtai Siphandon, national defense minister of the LPDR

EVACUEES FLEE THAI 'DETENTION' CAMP, RETURN HOME

BK210320 Vientiane Domestic Service in Lao 0000 GMT 21 Mar 86

[Text] According to a report from Paklai District, many Lao families of the three Lao villages -- Ban Mai, Ban Kang, and Ban Savang -- in Paklai District of Sayaboury Province, who were forcibly evacuated to Thailand by the Thai ultrarightist reactionary forces in late 1984, have managed to flee the detention camp at Huai Yang and to return to their beloved native villages in our beloved fatherland. This past February alone, 96 Lao citizens of 24 families from the three villages escaped from the Huai Yang detention camp and returned to their native villages.

According to the escapees, after the villagers were forced by the Thai ultrarightist reactionary soldiers to move from their villages and live in the Huai Yang detention camp, they suffered severe hardships while detained. The Thai ultrarightist reactionaries restricted their movement, communications, and all kinds of activities to earn their living. Unable to tolerate the difficulties created by and the oppression and intimidation of the Thai ultrarightist reactionary authorities, and refusing to be enslaved by the enemies, they decided to escape and return to their native land. They said they are extremely bitter at the Thai ultrarightist reactionary soldiers for committing crimes against them.

After returning to their native villages, they were warmly welcomed and assisted by the local administration in Paklai District.

SITTHI ON KAPITSA'S UPCOMING VISIT, USSR RELATIONS

BK200155 Bangkok THE NATION in English 20 Mar 86 p 3

[Text] Soviet Deputy Foreign Minister Mikhail Kapitsa will visit Bangkok at the end of next month to attend the forthcoming session of the Economic and Social Commission for Asia and the Pacific (ESCAP), deputy Premier and Foreign Minister Sitthi Sawetsila said yesterday.

Sitthi said that Kapitsa will take a personal message from Soviet Foreign Minister Eduard Shevardnadze to him. Previously, there were reports that Shevardnadze would stop over in Bangkok during his Southeast Asian tour some time next month. The deputy premier said he was told by the Soviet Embassy here that the Soviet foreign minister will go ahead with his scheduled visits to Indonesia and Malaysia.

Commenting on the state of current Thai-USSR ties, Sitthi said he hoped that Moscow will try to help strengthen the bilateral relations by understanding Thailand's problems deriving from the border situation. However, Sitthi said that Thailand is ready to have more trade with the Soviet Union. He added that the annual trade value between the two countries is still under the US\$100 million mark. "The USSR should come up with solid trade proposals. We are indeed enthusiastic to trade with Moscow," he said.

Deputy Foreign Minister Arun Phanuphong also said that the Soviet Union has yet to come up with concrete trade proposals with Thailand.

Kapitsa will be among some hundreds of ministers, ambassadors, legislators and experts in various disciplines from 42 governments officially affiliated with ESCAP and 16 other states plus various UN agencies and nongovernmental organization attending this year's session.

PROPOSAL PLACES CGDK ON 'POLITICAL OFFENSIVE'

BK200907 Bangkok NAE0 NA in Thai 20 Mar 86 p 4

[Editorial: "The Vietnamese Government's Reaction to the Cambodian Proposal"]

[Text] The proposal made by the CGDK early last week for negotiations with the Vietnamese and the Heng Samrin regime has ushered in new hopes among those of the world's peace-loving people who wish to see the situation in Cambodia improve.

The proposal has placed the anti-Vietnamese occupation forces in Cambodia on a "political offensive" and will force the Vietnamese and the Heng Samrin regime to forget about their military superiority and come to the negotiating table as defendants in the eyes of the world.

Moreover, the "offensive position" of the anti-Vietnamese side has been further strengthened because the PRC and ASEAN member countries actively support it. This is the first time since Vietnam sent its troops to occupy Cambodia that the conditions surrounding such proposed negotiations have been changed.

The new proposal is based on resolutions adopted by the UNGA sessions which call for the withdrawal of Vietnamese troops and general elections to be participated by all factions in Cambodia under UN supervision.

The proposal also contains more "flexible" conditions such as the gradual withdrawal of Vietnamese troops from Cambodia and the setting up of an interim four-party coalition government to arrange free elections under UN supervision. Vietnam will find it difficult to find an excuse for not attending the negotiations.

As a matter of fact, Vietnam normally comes up with an "obstinate" proposal to avoid being placed in a politically defensive position and to distract the attention of the world people. In particular, Vietnam intends to wipe out the "Khmer Rouge" from Cambodia or, at the very least, prevent it from being included in any coalition government of Cambodia after the withdrawal of its own troops from that country.

It is very possible that Vietnam will repeat its condemnable, obstinate, and insincere behavior. The international community must strongly oppose the Vietnamese crimes and atrocities against the Cambodian people.

SITUATION ALONG CAMBODIAN BORDER 'EASED'

BK201517 Bangkok Domestic Service in Thai 1300 GMT 20 Mar 86

[Text] Director of the Supreme Command Information Office Lieutenant General Wichit Bunyawat told reporters this morning at the Supreme Command Headquarters that the situation along the Thai-Cambodian has eased since mid-February because Vietnam has had to send more troops to areas deeper inside Cambodia to cope with the military operations carried out by the DK Forces, to control the Cambodians, and to prevent conflicts between the Heng Samrin soldiers and Vietnamese troops. Such conflicts are increasing gradually and spreading to civilians. Vietnam was still able to attack DK bases in some areas near the Thai-Cambodian border, but they were unlikely to achieve much success because the DK still pursues a successful guerrilla strategy.

Touching on a settlement of the Cambodian issue through political means, the director of the Supreme Command Information Office said that although some parties had proposed possible plans and conditions, such as the formation of a quadripartite coalition government, it is believed that the problem cannot be solve yet. A solution to the Cambodian issue depends on Vietnam's sincerity.

Army Secretary Major General Narudon Detpradiyut added taht in the past Vietnam tried to build barricades and barbed wire fence, plant landmines, and to dig strategic canals along the border to prevent the Heng Samrin soldiers and Cambodians from fleeing to Thailand. They controlled the Cambodians closely because conflicts between the Heng Samrin side and the Vietnamese had escalated, resulting in more Heng Samrin soldiers defecting to the DK side.

MORE OFFICERS SHOW SUPPORT FOR ATHIT EXTENSION

BK210059 Bangkok THE NATION in English 21 Mar 86 pp 1, 2

[Text] About 70 military officers and civilians led by the Army and Armed Forces spokesmen last night huddled with Supreme Commander Gen Athit Kamlang-ek at his Kesa Komon residence in a demonstration of suport for the proposal to extend his term. They were the fourty group to put up such a show in one month.

Group Spokesmen Maj Gen Narudon Detpradiyut and Maj Gen Kamon Udomsin were unequivocal over the group's stand on the question of Gen Athit's term extension and said that they initiated the move to boost the superior's morale at a time when he is the target of "a small group of ill-intentioned people."

Most of them are Chulachomklao Military Academy Class Eight graduates who are holding key positions at the ranks of colonels and major generals in the three armed forces. They come from all the three armed forces and some of them are civilians, according to the spokesmen.

Emerging from the four-hour talks over the dinner starting about 6:30 pm, Maj Gen Narudon, the army secretary general, told reporters that "it was only a dinner." "It is natural for us as subordinates to feel like having a dinner with him. We have come here to boost his morale because he is now the target of a group of ill-intentioned people," he added.

Maj Gen Kamon, the Armed Forces secretary, added that all of the soldiers in the military establishment wanted to have Gen Athit's term extended for the second year because of his achievements in consolidating the Armed Forces, modernizing the military establishment and keeping the border quiet. "Soldiers are in high morale under him" the spokesman said.

But he added that it was up to the "superior" to decide on the term extension question. He was obviously referring to Gen Prem Tinsulanon, the prime minister and defence minister.

Kamon said that the move was not launched to apply pressure on Gen Prem.

HELICOPTER REPORTS CALLED 'TOTALLY UNTRUE'

BK201354 Bangkok Television Service in Thai 1300 GMT 20 Mar 86

[Text] Many people must have seen the reports from a foreign news agency and some of the newspapers in our country that at about 1200 on Monday 17 March, a Vietnamese helicopter flew 1 km deep inside our territory as shown on the map, in the vicinity of Sakae Chiang village in Tambon Ang Sila of Aranyaprathet District, Prachin Buri Province. According to the reports, Thai soldiers used a machine gun to shoot at the helicopter. The helicopter was damaged, but it managed to fly back into Cambodia.

Lieutenant General Wichit Bunyawat, director of the Supreme Command Information Office, disclosed this morning that the reports were totally untrue.

CPV SECRETARIAT DIRECTIVE ON CONGRESSES

OW200955 Hanoi Domestic Service in Vietnamese 1100 GMT 17 Mar 86

[Text] On 11 March 1986, the CPV Central Committee Secretariat issued a directive on convening party organization congresses of various echelons. These congresses are very important. Hence, the preparation for and conduct of these congresses must be carefully supervised according to the following requirements:

The authorities concerned must assess correctly all achievements, results, weaknesses, shortcomings, and difficulties of these tasks in the spirit of extensive criticism and self-criticism in order to realistically contribute ideas to formulating programs for the National Congress and satisfactorily draft resolutions for the party organization congresses with concrete objectives, positive steps, and accuracy in all aspects.

Appointment of executive committees of party organizations must be carried out in accordance with the new requirements. These committees must be able to effectively supervise the various new and heavy socioeconomic tasks set forth by the party organization congresses and appoint competent delegates to higher-level congresses and the National Congress. These delegates must have a firm background reflecting the resourcefulness of party organizations. Executive committees must be able to strengthen unity, develop the traditional fighting strength of party organizations, and increase the people's determination and willpower to participate in accelerating production and other tasks to welcome the Sixth National Party Congress.

The party organization congresses of various echelons this time will be conducted in one single round. Therefore, those congresses must discuss the draft political report and other proposals of the party Central Committee on supplementing the CPV Statutes before the Sixth CPV Congress. They must also discuss the reports and draft reports of party committees of higher and their own levels, and appoint new committees as well as delegates to higher-level congresses.

Grassroots-level congresses for 1985 -- which have just convened -- must, after discussing and contributing ideas to formulating programs for higher echelons, propose supplements to the resolutions of previous congresses and make supplementary appointments to committees as necessary.

On the appointment of executive committees, the directive stresses: The congresses must appoint realistic and competent leading executive committees that can fulfill the various tasks set forth by the congresses and ensure succession and continuation in the work of strengthening party committees. On the basis of ensuring standard quality of executive committee members, a judicious review must be conducted to assess the performance of each member during the past period in order to appoint competent comrades in accordance with the requirements of party committee structure.

Standards for party committee members are basically the same as those for leading cadres specified by the fifth party congress. It is necessary to stress the following:

Regarding political quality, they must be loyal to the party and the people by demonstrating, through actions, that they are politically steadfast. They must agree with the party's lines and viewpoints; actually work for the benefit of the entire party and people and for the revolutionary cause; care for the common interests of the entire country, the collective, and the laboring people; remain faithful and honest, avoid the practices of opportunism, departmentalism, and regionalism; resolutely combat netagivism; and care for strengthening internal solidarity.

As far as capability is concerned, they must be able to grasp the party's lines, viewpoints, and policies; organize the implementation of decisions; and handle affairs in their respective positions. In particular, they must be able to handle economic management and implementation of the new system of economic management.

Regarding leadership behavior, they must comply with the principles of democratic centralization, collective leadership, and internal democracy; thoroughly assess the status of key installations and work; listen to the views of the masses; know how to assemble and unite cadres; have a profound sense of organization and discipline, the spirit of criticism and self-criticism, and boldness in thinking, acting, and accepting responsibility; refrain from being conservative, negative, and subordinate to others; and follow a sound lifestyle.

We must not retain in party committees those comrades who, during past tenures, have failed to develop leadership efficiency and those with limited capability and with poor quality and health.

The structure of party committees must first of all meet the need of raising the quality of economic leadership while ensuring the strengthening of leadership in national defense and security and in party and managerial work, close supervision of lower echelons and grassroots installations, and development of combat strength, in accordance with the system of party leadership, the laboring people's collective mastery, and state management.

At the provincial and city levels directly under the center, about one-third of the party committee members must be assigned to work in districts, precincts, and grassroots installations. At the district and precinct levels, more than one-third of the members must be working in grassroots installations.

Regarding the provincial and district party committees and standing committees as well, it is necessary to develop, on the basis of set standards, three age levels, while aiming at promoting youthful vigor. Regarding the structure of provincial and city party committees, except for a number of comrades of 50 years of age and above, there must be members from 40 to 49 years and a number of members under 40. At the district and precinct levels, beside those comrades above 45 years, there should also be comrades from 35 to 45 and around 30.

On the preparation for and organization of the congresses, the directive points out: In preparation for the congresses, we must firmly grasp the situation and review the implementation of the party Central Committee's resolutions adopted at the Fifth CPV Congress. We must develop the resourcefulness of the party cadres and members and the people in contributing ideas to party committees, and, through this process, assess and appoint correctly core cadres, perfect organization, and accelerate the mass movement to participate in emulations to welcome the sixth national party congress.

The party organization congresses of various echelons must produce fine results. They must be convened at an appropriate time and avoid ostentation and waste.

PHAM HUNG ON PUBLIC SECURITY WORK IN PROVINCES

OW201119 Hanoi Domestic Service in Vietnamese 1100 GMT 19 Mar 86

[Text] Comrade Pham Hung, member of the Political Bureau of the party Central Committee, vice chairman of the Council of Ministers, and concurrently minister of Interior, recently addressed conferences on 1986 tasks of the people's public security forces in Ho Chi Minh City and Nghia Binh Province.

He also visited Binh Tri Thien Province.

In Ho Chi Minh City and Nghia Binh Province, Comrade Pham Hung talked with the board of directors and leading cadres of the people's public security forces of various offices, districts, and precincts and with representatives of various sectors, mass organizations, and the Armed Forces. He reviewed the efforts and progress made by the people's public security forces over the past 5 years in combat, construction, and work; in ensuring political security and social order; and in achieving, together with our people, important successes in socialist construction and national defense. He also noted the shortcomings and weaknesses of the people's public security forces that must be overcome in order to fulfill the tasks in 1986 and subsequent years.

In Binh Tri Thien Province, Comrade Pham Hung inquired about the local people's livelihood and production after the last two typhoons. He visited the heavily ravaged Thuan An area. He listened to and exchanged views with comrade members of the standing committee of the provincial party committee on concentrating efforts to overcome the consequences of natural calamities, apply urgent measures to control the market and prices, and implement the socioeconomic tasks in order to fulfill the province's 1986 state plan.

At the conference of the Binh Tri Thien Provincial People's Public Security Forces, Comrade Pham Hung commended the forces' achievements and progress over the past years, especially its great efforts and cooperation with the local people in combating natural calamities and overcoming their aftermath. Many cadres and combatants have set good examples that have been praised by party organizations and the administration.

On the tasks for 1986, Comrade Pham Hung stressed the basic tasks specified in the resolution of the 41st National Conference of the People's Public Security Forces, especially the task of building clean, steadfast, and vigorous People's Public Security Forces. He stressed the need to actively participate in the emulation movement to perform revolutionary deeds; implement Uncle Ho's six teachings; build comprehensive, steadfast, and vigorous units; and strive to lower the rate of wrongdoings committed by public security cadres and combatants. He urged the launching of a mass movement to maintain national security in coordination with strengthening and perfecting household and population registration work, a very basic, strategic work. He stressed the need to build secure wards, villages, and districts in connection with various organs, enterprises, hospitals, and schools; maintain public security and order; apply urgent measures to control the market and prices; punish speculators and smugglers; resolutely eliminate negative aspects; and protect socialist property in order to stabilize the province's economic and social situation.

CORRECTION TO ITEM ON NGHE TINH TRADE, TRADERS

The following correction pertains to the item headlined "Nghe Tinh Effectively Controls Trade, Traders," published in the 19 March Asia & Pacific DAILY REPORT, page K-5, paragraph two, line three.

... Suspended the operations of 800 pork sellers and taken legal actions against ... (changing "PRK" to "pork")

ASEAN 'SHOCKED' BY SRV REACTION TO CGDK PLAN

BK201233 Kuala Lumpur International Service in English 0800 GMT 20 Mar 86

[Station commentary]

[Text] It is regrettable that Vietnamese leaders rejected the latest diplomatic overture by Prince Norodom Sihanouk to Vietnam on the issue of Kampuchea, which deserves serious consideration. The prince stated at the end of a 3-day meeting in Beijing of the tripartite coalition of which he is the head that he is ready to form a government with the Heng Samrin regime, if Hanoi agrees to begin a troop withdrawal from Kampuchea.

For several months, Hanoi has been putting off a meeting with Sihanouk that ASEAN has been urging as an appropriate step to a permanent solution of the Kampuchean problem. The usual pretext has been that there is no real unity among the three factions that constitute the coalition government of Kampuchea. The Beijing conference provides proof that the government is a reality and that it is united in wanting to see the withdrawal of foreign troops from Kampuchea, namely Vietnamese troops.

Prince Sihanouk's proposal also has a merit of involving all parties that derive support from the Kampuchean community even though there are different degrees of such support and also differing ideologies are involved. What Hanoi and some of its allies in the Soviet bloc overlook is that Kampucheans should be involved in determining their own political destiny as the inclusion of external powers, such as Vietnam, cannot help but will only hinder the permanent solution that is desirable. Prince Sihanouk is also prepared to accept UN supervision of the Vietnamese troop withdrawal. This is an appropriate element as the UN has year after year given strong support to the tripartite coalition.

UN supervision is also evidence that Sihanouk and the other Kampuchean leaders have nothing to hide from the international community -- unlike Vietnam which, like the Soviet Union, imposes or clamps down on any kind of inquiry about conditions in that part of Kampuchea which is under its own control and dominance.

Prince Sihanouk's proposal involves an initial stage in which the Vietnamese would withdraw and the exercise would be observed and monitored by a UN peace force. Next would come the negotiations involving all interested Kampuchean political groups including the pro-Vietnamese Heng Samrin faction. The exclusion of external powers from the two big ideological blocs will enable the Kampucheans to focus their attention on national reconciliation and the economic reconstruction and rehabilitation of their homeland. This is a crucial exercise as Kampuchea has undergone numerous traumatic experiences and its people deserve the prospect of peace and stability.

Prince Sihanouk's proposal is in complete harmony with the Malaysian prime minister, Dr Mahathir Mohamed's well known proximity talks. ASEAN is always willing to support any plan or proposal that will enable Kampuchea to be returned or restored to the rightful people, namely the Kampucheans. It is probable that this topic will dominate not only the media but also diplomatic communications over the next few weeks.

Prime Sihanouk's proposal is eminently reasonable and he had it include an undertaking to enter into a nonaggression treaty with Vietnam as the fourth and last point of his plan.

ASEAN is shocked by Hanoi's negative reaction to this peace plan.

RITHAUDDEEN REJECTS AMNESTY INTERNATIONAL CLAIMS

HK200422 Hong Kong AFP in English 0351 GMT 20 Mar

[Text] Kuala Lumpur, March 20 (AFP) -- Malaysia has accused the London-based Amnesty International and other foreign bodies of conspiring to discredit its human rights record. Foreign Minister Tengku Ahmad Rithauddeen Wednesday told parliament that Amnesty International had made Malaysia its target for criticism this year and that a few Malaysians were aiding its campaign. "Each year they find a different country to attack. Last year it was some other ASEAN (Association of Southeast Asian Nations) country," he said.

Mr Rithauddeen, answering questions in parliament, said that he received an average of three letters a week from Amnesty International appealing for the release of detainees held under the International Security Act (ISA). The ISA which allows the government to detain people for indefinite periods without charging them in court has been used against communists, Moslem religious extremists, journalists, trade unionists and politicians, including those from the ruling National Front.

Prime Minister Mahathir Mohamad freed some 470 such detainees after taking office in 1981, leaving less than 200 in detention.

Mr Rithauddeen said that Amnesty International and other human rights bodies had adopted an antagonistic stance because their values did not match Malaysian views and beliefs.

POLICE REMOVE LAST MUSLIM PROTESTORS FROM MOSQUE

HK210602 Hong Kong AFP in English 0453 GMT 21 Mar 86

[Text] Kota Kinabalu, Malaysia, March 21 (AFP) -- Police Friday removed 58 Moslem militants holed up in a mosque here over the past week demanding federal government intervention in Sabah state to protect their rights.

The group was taken away in police transport after riot police entered the Mosque at the end of a two-hour operation to clear the building, the focal point of a week long protest against the predominantly Christian state government of Chief Minister Joseph Pairin Kitingan.

Kota Kinabalu District Police Chief Ishak Awadan said that 1,596 other Moslems had responded to police urgings and left the Mosque earlier -- 676 on Thursday and 920 earlier Friday. Unconfirmed reports said that a prominent state opposition politician was among those evicted Friday.

Police personnel were seen removing several banners strung out in the mosque grounds. "We want federal intervention to preserve the peace in Sabah" and "PBS (Mr Kitingan's ruling Parti Bersatu Sabah) is anti-Islam," they read.

Mr Ishak said that Moslems would be allowed into the mosque for usual Friday prayers after warning Thursday that no one would be allowed into the building unless the protesters left before 11 a.m. Friday. "That [is] why we are hurrying to clear up the mosque," Mr Ishak told reporters.

Police sources said that several small weapons were found inside the mosque and red-helmeted riot-control police were seen checking the building's roof.

PANAMA RENEGES ON MARCOS POLITICAL ASYLUM

HK211018 Manila Far East Broadcasting Company in Tagalog 1000 GMT 21 Mar 86

[Text] Panama today rejected a request by former President Marcos for political asylum in an announcement made by an official of the Panamanian Government. According to a spokesman, the decision was reached after a meeting of President Eric Del Valle and other high officials in response to a statement by Vice President and Foreign Minister Salvador Laurel who said that he would send an official to ask Panama not to grant Mr Marcos' request.

LAUREL WARNS ASYLUM DEEMED 'AN UNFRIENDLY ACT'

HK211036 Hong Kong AFP in English 1022 GMT 21 Mar 86

[Text] Manila, March 21 (AFP) -- The Philippines today warned other countries that granting asylum to deposed President Ferdinand Marcos would be an unfriendly act which could be sufficient grounds for severing diplomatic ties. Vice President and Foreign Minister Salvador Laurel issued the warning after receiving reports about negotiations for the transfer of the former leader to Panama from his temporary refuge in Hawaii, the ministry said in a statement.

The ministry immediately sent a telex to the Philippine Embassy in Mexico, ordering the mission to inform the Panamanian Government that "we will consider their giving asylum to Marcos an unfriendly act." Manila has no direct diplomatic ties with Panama, but maintains an honorary consulate there, a ministry spokesman said. (Official sources in Washington said late Thursday that Panama had indicated that Mr. Marcos would not be welcome there.)

The granting of asylum by any government to former President Marcos and his party "would be considered an unfriendly act by the Philippine Government," the statement quoted Mr. Laurel as saying. Such an act would be sufficient grounds for the "severance of diplomatic relations," Mr. Laurel added. He said Mr. Marcos, who was ousted in a civilian-backed military uprising in Manila last month, apparently wanted to get out of the United States because "cases against him are piling (up) in U.S. courts."

The new administration is currently engaged in efforts to recover as much as 10 billion dollars in assets and properties, most of it said to be in the United States, allegedly stolen by the former First Family during the 20-year Marcos regime.

Mr. Laurel said Mr. Marcos should stay in the United States "since it was the U.S. Government which brought him there," and since his reported efforts to seek refuge elsewhere had been refused by Spain, Indonesia and Singapore. Mr. Laurel Thursday summoned ambassadors of Thailand, Singapore, Indonesia, Brunei, and Malaysia and told them Manila would not be happy if they granted even a temporary refuge to Mr. Marcos and his 89-member party.

MINISTRY REVIEWING POLITICAL PRISONER CASES

BK200149 Manila PNA in English 0125 GMT 20 Mar 86

[Text] Manila, March 20 (PNA) -- The Ministry of Justice Thursday began looking into the cases of sentenced political prisoners who were earlier charged with ordinary crimes by the military during the Marcos regime. Deputy Minister Reynaldo S. Puno, also acting chairman of the Board of Pardon and Parole, said they are now probing such cases on the basis of information submitted to the ministry by Task Force Detainee of the Philippines (TFD) and the Free Legal Assistance Group (FLAG).

Puno said the board's action is in compliance with the policy of President Corazon C. Aquino to release all political detainees. "We are now in the process of getting all the records from the bureau of prisons in order to review them," Puno said.

A scheme used by the military during the Marcos regime was to charge a suspected subversive with ordinary crimes such as murder, illegal possession of firearms or homicide to immobilize him. Puno said sentenced political prisoners may be classified into two categories: one, those who are already serving sentence on the basis of final judgment and the other, those whose cases are still under review by higher court.

Puno said with respect to the first category, the board may recommend to the president a grant of pardon, while the second category, a direct action by the president is needed by extending pardon without need of a board recommendation. The board, Puno explained, has no authority over a prisoner whose case has not yet become final and executory. A case has not yet become final and executory when it is under review by the High Court.

OFFICIAL SAYS NO TAX REDUCTION THIS YEAR

HK210451 Manila Far East Broadcasting Company in English 2300 GMT 20 Mar 86

[Text] The government will not yet be able to implement a tax reduction this year. This according to Trade and Industry Minister Jose Concepcion. He said this is because of the huge projected budget deficits of 9.6 million pesos for the first quarter of this year. He added that at the moment, the government cannot afford a shortfall in the revenues collection.

[Begin Concepcion recording] ..that the biggest reduction in the fuel price adjustment has been from fuel which is used to produce the electricity the industries require. And as soon as we know what the reductions of these power costs to the manufacturers, then they will be able to see how they can correspondingly make special appeals to the manufacturers of primary goods to take those considerations during this period of reconstruction. [end recording]

UN RECOGNIZES PROGRESS ON HUMAN RIGHTS

HK201545 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 20 Mar 86, pp 1, 7

[By Divina Paredes]

[Excerpt] The Philippines has been removed from the United Nations list of human rights violators for making the protection and promotion of human rights a national policy, the Ministry of Foreign Affairs said yesterday. The UN Commission on Human Rights, which issued the decision, cited the release of more than 500 "prisoners of conscience" including alleged Communist Party of the Philippines [CPP] founder-chairman Jose Ma Sison and Bernabe Buscayno, alleged chairman of the CPP's military arm, the New People's Army.

The Philippine Mission in Geneva said the UNCHR also noted the recent lifting of the suspension of the writ of habeas corpus in national security cases and in all cases in Southern Philippines. The Philippines, it said, ratified the international covenant on civil and political rights. The UNCHR also noted the peaceful transition of government under "extremely difficult circumstances."

The UN said it has called in the past for a review the "consistent pattern of gross human rights violations" since the assassination of former Sen. Benigno Aquino Jr. in 1983. The commission said the government was asked to explain cases of alleged human rights violations like torture, disappearances and illegal detention.

Cause-oriented groups, however, are asking the Aquino government to investigate cases of disappearances during the Marcos regime and work for the indemnification of all victims of military atrocities.

ENRILE: NO RAIDS, SEIZURES WITHOUT PRIOR APPROVAL

BK210259 Manila PNA in English 0242 GMT 21 Mar 86

[Text] Manila, March 21 (PNA) -- Defense Minister Juan Ponce Enrile has barred military personnel from participating in any raid, seizure of property, arrest or preventing persons from leaving the Philippines without his clearance. Enrile's move followed complaints of rampant raids and illegal seizures of property of private individuals suspected of hoarding ill-gotten wealth.

He said the action "is intended to prevent undue harassment, embarrassment or injury to personal or business reputation and to avoid any damage to the image and integrity of the new Armed Forces of the Philippines." It is also designed to maintain the confidence of the people in the new establishment, he said.

Enrile vowed that any military personnel found violating the order will be subjected to strict disciplinary action. He said military personnel requested by other agencies to carry out raids, or seizure must first refer the request to him at the earliest time possible.

He said he is available to act on the request anytime, whether during the day or at night. However, Enrile emphasized that his order does not affect discretion of field commanders engaged in counter insurgency operations.

CPP LEADER DISCUSSES INSURGENCY WITH LE MONDE

PM201557 Paris LE MONDE in French 19 Mar 86 pp 1, 14

[Philippine Pons Dispatch: "Comrade Ernesto's Terms"]

[Text] Bacolod -- He arrived on time, nonchalant and smiling, walking between the pews of the little church north of Bacolod, capital of western Negros. Dressed in jeans and sandals, he carried a package wrapped in newspaper. The interview took place in the sacristy, under the impassive gaze of saints and madonnas lined up on a shelf. He took a walkie-talkie out of his newspaper. Through the half-open door we could see his three guards sitting on pews in the church. The priest went about his business.

Ka (comrade) Ernesto is a cadre of the Communist Party of the Philippines and leader of the National Democratic Front [NDF] (clandestine mass organization) for the Visayan region (the islands of Panay, Negros, and Samar). He has fought in the ranks of the New People's Army [NPA]. We met him for the first time in Manila, but he preferred to wait for the end of a Central Committee session before commenting on the broad outlines of communist strategy toward Mrs Aquino.

Ka Ernesto said that no negotiations had been started with a view to a cease-fire. "We are willing, but at present conditions are not favorable," he said.

Over the past week the NPA has staged a series of operations in several regions aimed at contracting government statements about a de facto cease-fire. Sixty people have been killed in these clashes since 10 March. "We are setting four preconditions for a cease-fire," Ka Ernesto continued. "First, a demilitarization of the provinces; second, the recall of the units stationed there and the release of the political prisoners still being held; and, finally, a purge of criminal and fascist elements in the army. As long as the military continue their operations against the insurrection and the militia terrorize the population, we will continue our armed action."

In some regions, as in the center of Mindanao, military units have withdrawn to their barracks, abandoning the positions they held in the "red" zones. In Negros, on the other hand, the situation remains tense. The island, where there is glaring social injustice (the mass of plantation workers earn an average of \$1 for 12 hours' work), is also the region where the NPA has grown rapidly in the past 3 years. According to Ka Ernesto it has 800 fighters in Negros and 20,000 nationally (16,000 according to American estimates).

The sugar workers' situation and the economic crisis helped to swell the ranks of the insurrection. By an amnesty policy and an open-door approach the Aquino government hopes to prompt some of the fighters to "come down from the hills" and abandon the armed struggle.

The military have asked the church to try to persuade the rebels to negotiate. Mgr Antonio Fortich, bishop of Bacolod, told us that he had talked with Chief of Staff General Ramos on this subject. The prelate thinks that these contacts have no chance of succeeding while the army continues its operations. The Public Affairs Commission of the Philippines Episcopal Conference is due to meet to define the way in which the church could play an active role as intermediary.

The communists are afraid that the government initiatives could lead to defections from their ranks. That is why they condemn the idea of negotiations at local level: "If there are to be negotiations, they will be with the Central Committee alone," Ka Ernesto told us, stating that the party is united and that there is no debate on what strategy to follow — contrary to what some rumors would suggest.

With regard to the church's role, Ka Ernesto said that the party is open to any initiative: "The church, which played an essential political role in the people's revolt against the Marcos regime, can act as intermediary. Former political prisoners like Jose Maria Sison (founder of the Communist Party of the Philippines, Marxist-Leninist in 1968, arrested in 1977 and released 1 week ago) can also take action. Sison still has moral authority in our eyes even if he no longer has a party post."

In the short term Ka Ernesto analyses the situation as follows: "The 'revolution' focused on Cory Aquino is a people's experiment which must be taken into account. But Marcos' fall only makes the problems more obvious, even without him. There is a great difference in views between the cities, especially Manila, and the rural districts, which are victims of glaring social injustice and exploitation by the multi-nationals. Here one of the main questions to be solved is agrarian reform. In the present conditions armed struggle remains a priority for us, and the rural districts are still our preferred area of action."

"A Different Train Has Arrived"

[Pons] What about the legalization of the party"

[Ernesto] That would merely give us the right to express our views in public. The problems to be solved have not changed even if the government has changed.

Cory Aquino is introducing democratic reforms, and her government enjoys great popular legitimacy at present. But it is also a government which contains a latent crisis, divided between the interests of the big capitalists, the army, and the defenders of democratic rights. Many of the military who are now being acclaimed as "heroes of the people" are merely yesterday's torturers.

"They are Not Godless People..."

While pursuing the armed struggle, the communists also intend to wage their struggle indirectly on a different front -- that of the mass legal organizations -- in order "to be able to give support to the progressive elements" in the government. This political work through the mass organizations, which are within the Communist Party's sphere of influence to a greater or lesser degree and some elements of which are openly influenced by it, will be the new element in the Communist Party's strategy in the coming months. "We were waiting for a train (the revolution -- LE MONDE editor's note), but a different train has arrived. However, this does not mean that we should refuse to board it," Father De La Torre, imprisoned by Marcos, who accused him of belonging to the NDF, told us in Manila recently. "The Aquino government's policy has opened up new democratic spheres which we must fill," he added.

In fact the communists' action is supported by a minority of priests and religious people who, while not espousing Marxist ideas, believe that their social justice objectives are compatible with those of the Communist Party. The small church in which we met with Ka Ernesto bears witness to the connivance between the NDF and some priests. Father Wilfredo Degillia of Suay parish, another district north of Bacolod, made no secret of his sympathies: "For the villagers there is no fundamental difference between Communists and Christians. Many members of the NPA continue to go to church when they can. They are not godless people, because they are sacrificing themselves for the people. I know three or four clerics in Negros who have joined the underground fighters. As a priest I condemn violence, but when there is no alternative and it is the people who decide to react, we must accept it."

"Most NPA members are Christians," Ka Ernesto admitted. "Religion and the revolution are not incompatible: It is a matter of personal choice."

In Negros there are many grass-roots Christian communities in areas controlled by the NPA, an Irish missionary told us. "There is mutual respect and de factor coexistence between the two types of action," he explained. Another priest from a mountain parish was more cautious in his judgment of the communists. He expressed the view that the NPA often taxes the peasants beyond their limited capabilities. "Half of the NPA fighters probably joined its ranks because they saw no other solution," he said, "but I do not think that killing is a way of carrying out a revolution."

PC COMMAND IN NEGROS DECLARES UNILATERAL TRUCE

HK201549 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 20 Mar 86 p 2

[Text] Sagay, Negros del Norte -- The PC [Philippine Constabulary] command in this province has declared a unilateral truce with communist rebels as it mobilized "people power" to convince the rebels to come down from the hills. Lt. Col. Cesar Garcia, PC provincial commander, said the PC and the police are encouraging the organization of a "people power" movement to consolidate the support of the population to the government.

While encouraging the organization of the movement, Garcia said he has started an inventory of all jails in the province to determine if there are political detainees being held.

In a briefing for Gen. Fidel V. Ramos AFP [Armed Forces of the Philippines] chief of staff, Garcia said the initial truce has been declared while talks for a ceasefire and dialogue are still being conducted by concerned citizens' groups including the National Movement for a Free Elections (Namfrel) and religious organizations.

Together with the ceasefire and dialogue, Garcia also said a program for the rehabilitation of rebels who may want to come down from the hills will be implemented "to make them fruitful citizens of the republic once more."

Ramos told military commanders present during the briefing that local military commanders may declare a ceasefire or truce with communist rebels. However, Ramos said, it is not the policy of the AFP to declare ceasefire with insurgents as ceasefires may not be practical in some areas.

In areas where rebels show their willingness to negotiate with the government, ceasefires may be declared. But in areas where the rebels persist in their terroristic activities against the civilian populace, ceasefires may not be practical, Ramos said.

In a later talk with military officers in Bacolod City, military officers said MP Arturo Pacificador, who is wanted by the authorities for his alleged participation in the ambush-slaying of seven persons on May 13, 1984 in Antique "may have hidden himself well and is giving the government a hard time tracking him down." The officers said Pacificador's last sighting was Monday last week at the Iloilo airport. However, troops sent to track him down failed to catch him.

REBELS DISGUISED AS SOLDIERS DISARM TROOPS

BK200147 Manila PNA in English 0132 GMT 20 Mar 86

[Text] Manila, March 20 (PNA) -- Rebels are back to the old trick of disguising themselves behind military uniforms to disarm militiamen. This happened again Saturday [(15 March)] when 50 armed communist New People's Army (NPA) guerrillas in military uniform calmly walked into the detachment of the Civilian Home Defense Forces (CHDF) in Zamboanga Del Sur, and disarmed 12 militiamen of their Armalite and Garand rifles.

Authorities said the rebels pretended to be members of a military team on a mission to discuss with militiamen combat operations in the area. But once inside the detachment, the guerrillas held them at bay and disarmed them. Military commanders in combat areas were directed to be extra vigilant against armed men in military uniform who come to their places in the guise of conducting an investigation.

'ALL-OUT' MILITARY RESPONSE CALLED AGAINST NPA

HK210447 Manila Far East Broadcasting Company in English 2300 GMT 20 Mar 86

[Text] A Cagayan Town mayor and his three security escorts were killed Wednesday in an ambush by about 20 rebels in Barangay (Kasiitan), Gonzaga Town. Killed were Mayor Francisco Baclig of Gonzaga, and escorts Pfc Rodrigo Rivera, Pfc Macario Camiling, both army soldiers and Avelino Irorita, driver and a member of the Civilian Home Defense force.

The ambush was the latest atrocity committed by the communist New People's Army in the past week resulting in the death of more than 120 people across the country. The NPA has been on the warpath despite repeated calls by the government for unity and reconciliation.

A report received by Defense Minister Juan Ponce Enrile said Mayor Baclig and his party were returning to Gonzaga from an inspection of the town project in Barangay Kasiitan when they were strafed by automatic rifles before dusk. They died on the spot. The rebels overturned the Land Rover vehicle and took with them three M-16 rifles and one 357 magnum revolver before fleeing.

Eight other people were killed when about 300 communist rebels attacked a military detachment in Sindangan, Zamboanga del Norte last Wednesday. Three soldiers were wounded in the 4-hour battle. In adjacent Zamboanga del Sur, two army soldiers and two NPA guerillas were killed in another communist attack on a military outpost. Seven others were wounded.

Meanwhile, escalating NPA atrocities and attacks forced about 2,500 families in eight villages in Misamis Oriental to flee their homes. Fighting between government troops and NPA have escalated recently in the villages of Lalise, Gamay, Talaes, Paquidil, Bulan, (Tipomatong), Malaganap, Mabugas, and Kapus Kahoy. There were many casualties on both sides.

Angered by the apparent disregard by the NPA for government peace efforts, Defense Minister Juan Ponce Enrile ordered all-out military operation, particularly in Cagayan.

COMMANDERS ABANDON CEASE FIRE, ORDER ATTACKS

BK210233 Manila PNA in English 0204 GMT 21 Mar 86

[Text] Manila, March 21 (PNA) -- Military commanders Friday abandoned their self-imposed ceasefire policy and ordered full-scale attacks against communist rebel strongholds in Central Luzon. Regional Commander Brig. Gen. Lorenzo Mateo said the move followed a series of liquidations and ambushes mounted by leftist guerrillas against soldiers and civilians in the regions.

He said he met his provincial commanders here Wednesday and told them to launch punitive operations against the communist New People's Army (NPA) rebels. Today's launching of military operations, Mateo said, signalled the end of his command's self-imposed ceasefire policy with rebel forces.

He said he adopted the policy early this month in support of President Aquino's reconciliation program to induce the dissidents to surrender and join the government. "But with the continuing escalation of attacks by the insurgents against military detachments, we have no choice but to face them squarely," Mateo said.

He recalled that last Saturday, he allowed recently freed Bernabe Buscayno, former NPA chieftain, to meet some 30 armed rebels in Capas, Tarlac, without any military action.

Dozens of soldiers and civilians had been killed in some parts of the country due to a spate of attacks waged by the rebels the past many days.

Col. Vicente Garcia, task force commander, said he launched today "search-and-destroy" operations against NPA rebels through Bataan which is classified by the military as a "critical province" in Central Luzon in terms of insurgency. Garcia cited the recent attack by NPA rebels at the Mariveles police station in Bataan last Monday killing Pat. Rodil Candelaria. His M-16 Armalite rifles and a .38 caliber revolver were also seized. A rebel band also encountered a constabulary patrol in Parit, San Luis, Pampanga, last week resulting in killing three rebels and wounding two civilians.

PROBE INTO FUNDS DISBURSED BY EMBASSY IN U.S.

BF210249 Manila PNA in English 0236 GMT 21 Mar 86

[Text] Manila, March 21 (PNA) -- The Foreign Ministry is looking into the past funds disbursements by the Philippine Embassy in Washington, according to Ambassador Jose D. Ingles. The Philippine Embassy in that country was formally headed by Ambassador Benjamin Romualdez, brother of Mrs. Imelda Romualdez Marcos.

Ingles, speaking for Vice President Salvador Laurel, who is also foreign minister, said the ministry is also recalling embassy and consulate officials and employees who have overstayed in the United States because of political connections. Laurel last week recalled all overstay personnel abroad.

Ministry rules provide for the assignment in the home office of 11 personnel after serving eight years abroad. Some personnel have been serving in foreign assignments for more than 20 years.

MILLIONS IN ACCOUNTS OF MARCOS ASSOCIATES FROZEN

BK210154 Manila PNA in English 0136 GMT 21 Mar 86

[Text] Manila, March 21 (PNA) -- At least three billion pesos (150 million U.S. dollars) in bank deposits of the relatives, cronies and other close associates of deposed President Marcos has been frozen by the Commission on Good Government, Deputy Commissioner Raul Daza said Friday. Daza, however, did not reveal how many accounts were affected.

Sources, however, said these represent the accounts of the initial 33 persons whose deposits were ordered frozen by the commission. The Central Bank, in a memorandum issued to all banks last week, ordered the freezing of the deposits upon the request of the commission.

The commission is trying to recover the ill-gotten wealth accumulated by Marcos relatives, cronies and associates during the ousted president's 20-year rule. Daza said that the commission is still in the process of determining whether these deposits are part of the ill-gotten wealth of people associated with the deposed president.

MISUARI REPRESENTATIVE CLAIMS AUTONOMY IS GOAL

BK180115 Manila PNA in English 0055 GMT 18 Mar 86

[Text] Manila, March 18 (PNA) -- The banned Moro National Liberation Front (MNLF) is not demanding from the Aquino government the secession of southern Philippines, a foreign-based separatist guerrilla leader said Tuesday. Michael Abubakar, who claimed he was a representative of Middle East-based MNLF chieftain Nur Misuari, said what they are seeking for is an autonomy for the Muslim provinces in the south.

He told reporters he was surprised by a foreign press report quoting a separatist rebel as saying that Misuari would only negotiate for peace talks with the Aquino government if it accedes to the MNLF's demand for self-determination and independence of Mindanao, the country's second biggest island.

Abubakar arrived here on Dec. 17 from Saudi Arabia where he had been based for 14 years to arrange a meeting between President Aquino and Misuari before the Feb. 7 election.

Abubakar said that as the sole official representative of Misuari here in the country, he has been authorized by the Muslim rebel leader to negotiate with the government regarding the Mindanao problem. "I am the only true emissary of Misuari. I was surprised to see press reports insinuating that Misuari wants independence instead of autonomy," he said.

Abubakar stressed that Misuari's position is to negotiate peace with the Aquino government and to seek autonomy for the Muslim minority in the country in compliance with the Tripoli agreement. The agreement, signed in Libya in 1976, was never fully implemented under the Marcos regime, he said.

Abubakar denounced press statements made by "self-anointed" leaders of MNLF as counter-productive to the peace effort of the Aquino government regarding the Mindanao problem. Obviously, he said, "the self-styled MNLF leaders are riding high on the popularity of the MNLF to advance their own self-interest." "There is a systematic campaign against Misuari by the so-called leaders claiming themselves to be MNLF members, when everybody knows that there can be no resolution of the Mindanao problem without Misuari since he was the signatory to the Tripoli agreement," Abubakar said.

He talking to [as received] self-styled leaders would result in "grave consequences" as Misuari commands "the only Muslim fighting force in Mindanao."

Abubakar said that even the deposed Marcos government acknowledged Misuari's supreme and unchallenged leadership in the MNLF when it negotiated with him on the issue of Muslim autonomy in southern Philippines. He also cited the fact that Misuari "has full support of the Islamic conference and all the Arab countries."

Abubakar said that insinuations appearing in the newspapers for secession instead of autonomy ran counter to the Muslim leader's commitment. Abubakar, who was among the eight people requested by Misuari to hold talks with the Manila government in 1977 for the implementation of the Tripoli agreement, said that to avoid confusions, the Aquino government, "if ever it has to talk to the MNLF has to talk with Misuari."

'MUSLIM MINDANAO' VIEWED AS 'MISNOMER'

BK190411 Manila PNA in English 0345 GMT 19 Mar 86

["Newsfeature" by Felino M. Santos]

[Text] Zamboanga City, Philippines March 19 (PNA) -- Within the next few days, representatives of the separatist Moro National Liberation Front (MNLF) and those of the Aquino government are scheduled to meet to discuss autonomy for the so-called "Muslim Mindanao." And unless the new Aquino government representatives in these talks are aware of the true situation in Mindanao, they would unknowingly be "bargaining" on premises and myths fabricated by the deposed Marcos government.

First is the term "Muslim Mindanao". This is a misnomer because Muslims do not constitute a majority in Mindanao, the Philippines' second biggest island. The MNLF, under its self-appointed and Middle East based Chairman Nur Misuari, claims 13 provinces in Mindanao as part of the envisioned Bangsa Moro Republic, but a cursory examination of census statistics will show that not all of these areas are dominated -- population-wise -- by Muslims.

In western Mindanao, with a total population of 2.4 million as of the 1975 census, the Muslim population is about 556,959 or about 26 percent.

Western Mindanao is composed of the provinces of Zamboanga del Norte, Zamboanga del Sur, Basilan, Sulu, Tawi-Tawi and the cities of Zamboanga, Dipolog, Pagadian and Dapitan.

In this region, Muslims predominate in the island provinces of Basilan, where they make 67 percent of the population, Sulu, 98 percent and Tawi-Tawi 97 percent.

In Zamboanga city, the seat of the autonomous government, the Muslims make 23 percent of the population. They comprise about 10 percent of the population in Zamboanga del Sur, about .01 percent in Zamboanga del Norte and still smaller percentages in the cities of Pagadian, Dipolog and Dapitan. Yet all these provinces and cities were lumped and agreed upon by the then Marcos government to be a part of the autonomous government to be headed by Muslims and former MNLF rebel leaders.

The question raised is this: Why have the Christians not raised a voice as to their inclusion of their being sold out by the Marcos government to the MNLF headed by Misuari? [sentence as received] There were attempts, but these were silenced. During the last political campaign, Christians had to agree or "our oil supply from the Middle East will be cut off." No efforts were exerted by the Marcos government to find out any objections from the Christians who are the majority in the Zamboanga Peninsula.

A (?listing) of elected officials in Mindanao will also clearly show a Muslim majority in particular provinces of the region. Of the elected officials in Tawi-Tawi and Sulu, a majority of the village captains are Muslims. The Muslims also make up over half of the elected officials in Basilan with incumbent Governor Asan Camlian, a Muslim, and Assistant Governor Pedro Pamaran, a Christian.

The two populous municipalities in Basilan, Isabela and Lamitan are all with Christian mayors and vice mayors while the five other municipalities have Muslim officials.

In Zamboanga city, the only Muslim official is an elected councilor and another councilor appointed by former President Marcos. The mayor and vice-mayor and all other councilors are Christians.

Of the 37 towns of Zamboanga del Sur, there is only one municipality, Alicia, with a Muslim mayor while in Zamboanga del Norte there is only one Muslim mayor out of the 21 towns of that province.

When then presidential aspirant Mrs Corazon Aquino visited Zamboanga last Jan. 19, she said that while she respects the Muslims tradition and culture, "It would be unfair for the Christians who constitute the majority in any areas if only the Muslims would enjoy the benefits under the autonomous set up of government at the expense of Christians."

CANOY THREATENS SECESSION MOVE OVER REMOVALS

FK200153 Manila PNA in English 0140 GMT 20 Mar 86

[Text] Manila, March 20 (PNA) -- A defeated aspirant in the Feb. 7 presidential election Thursday threatened to work for the independence of Mindanao Island if the Aquino government would continue to remove local officials.

Reuben R. Canoy, co-chairman of the newly established Mindanao People's Democratic Movement, said: "The movement will confront the question of the possibility of gaining independence in Mindanao in accordance with the principle of self-determination as provided for in the United Nations Charter."

Canoy, who ran as candidate of the Social Democratic Party in the last election, issued the statement after six governors and three city mayors pledged support to the movement. Canoy, former information undersecretary of overthrown President Marcos, said the governors and mayors had expressed their common stand against what they called the arbitrary removal of elected local officials. He said the local officials had contended that they could only be removed for a cause and only after their successors have been duly elected and qualified. The movement was established last week by Canoy and ousted Lanao Del Sur Gov. Ali Dimaporo.

Canoy said they had asked the Aquino government for a dialogue with the people in southern Pilipppines. He and Dimaporo had claimed that the Aquino government was established without the consent and participation of the people in Mindanao. Unless their demands are met, Canoy said, they would consider seeking the independence of Mindanao from the Manila central government.

RADIO VERITAS TRANSMITTER DESTROYED IN REVOLT

HK190907 Manila PHILIPPINE SUNDAY EXPRESS in English 16 Mar 86 p 3

[By Ros Manlangit]

[Text] Gen Fidel V. Ramos, AFP [Armed Forces of the Philippines] chief, ordered yesterday an investigation into the destruction of the powerful Radio Veritas transmitter in Malolos, Bulacan allegedly by Marcos loyalists' troops last Feb 23 on the second day of the five-day military revolt which toppled President Marcos. Radio Veritas executives have placed the damage to the facilities at P50 million.

In an order to acting PC/INP [Philippine Constabulary-Integrated National Police] chief, Brig Gen Renato De Villa, Ramos also sought the identities of those behind the attack on the station as he gave the order. The assault on the station paralyzed Radio Veritas broadcasts for several hours although the station managed to resume broadcast after securing the services of another transmitter.

At the time of the attack, Veritas was providing minute-by-minute accounts, of the February revolt and the broadcast eventually gave tactical superiority and advantage to the Enrile-Ramos group over the Loyalists.

Col Luis San Andres, AFP Spokesman, meanwhile, said that 628 officers and enlisted personnel of the AFP have remained unaccounted for by higher headquarters since the February revolt. Of the number, 128 are officers and 500 are enlisted men. San Andres said the missing soldiers have until March 16 to report to their mother unit otherwise, they will be considered AWOL and delisted from the AFP roster. A head count is being conducted by the AFP to flush out the remaining troops loyal to the deposed President Marcos. Defense Ministry authorities have assured the loyalists of fair treatment upon their surrender.

Aquino Urges Restoration

NC161446 Paris AFP in English 1439 GMT 16 Mar 86

[Text] Manila, March 16 (AFP) -- President Corazon Aquino Sunday kicked off a fund-raising campaign to restore the Roman Catholic radio station Veritas, blaming its destruction on "misguided elements" in the ousted regime of Ferdinand Marcos.

The militant radio station was broadcasting live reports of the four-day civilian-backed military revolt which sent Mr. Marcos into exile when some 50 armed men cut its transmission lines in nearby Malolos town on February 23.

Mrs. Aquino appealed for public support in a brief message on the government "telethon," a day-long televised benefit show which solicited more than 1.4 million pesos (70,000 dollars) from viewers. "As you well know, the misguided elements of the former regime destroyed the station's transmitters" with axes and hammers, she said. The 53-year-old president said the destruction of Radio Veritas had meant "the voice of the truth can no longer be heard in the Philippines."

PHILIPPINES DAILY EXPRESS TAKEOVER BACKED BY OPLE

HK201553 Manila NEW PHILIPPINES DAILY EXPRESS in English 20 Mar 86 p 1

[Text] Employees of the PHILIPPINES DAILY EXPRESS who took over Tuesday the management of the 14-year-old newspaper yesterday received strong backing from various sectors which described the move as legal and a model that others should emulate.

Former Labor Minister Blas F. Ople led the supporters, saying that the decision of the government to sequester the EXPRESS "reveals a reckless streak in the existing revolutionary government which mocks its own solemn avowals of respect for human rights."

The employees took over the company after the government announced Sunday a plan to sequester DAILY EXPRESS and TIMES JOURNAL to flush out the real owners, whom it suspects of having used ill-gotten wealth to publish the newspapers. Following the EXPRESS' example, TIMES JOURNAL employees were reported yesterday to be forming a delegation to meet their management and seek an audience with the Aquino government.

Others who sent their support were 'ANG PAHAYAGANG MALAYA' president-publisher Jose G. Burgos Jr., National Press Club [NPC] President Antonio Nieva, BULLETIN TODAY Employees Union, EXPRESS columnist Teodoro F. Valencia and colleagues in the media industry. Other groups which expressed support include: Syvel's, couturier Ben Farrales, the Beneficto-run Aduana group of companies, Fairmart, Mr. and Mrs. Rivera and Ms. Carol Zaragosa.

In a letter to Neal H. Cruz, officer-in-charge of the DAILY EXPRESS, Ople, who is the provisional chairman of the Partido Nacionalista ng Philipinas, called the takeover as an "innovative exercise of rights." "The action of the union in defense of their jobs and their right to exist has created a model others similarly situated may well emulate," he said.

Nieva said the takeover "is a triumph for the Filipino journalists" and "serves as an example of what can be done to ease the economic plight of the traditionally underpaid and overworked newspapermen."

THE EXPRESS employees in yesterday's second day of the takeover, issued a statement that any move by the government to sequester the company would be baseless and unnecessary. The employees reminded the Aquino government that they now own the EXPRESS. Round-the-clock vigil has been held by the employees who were joined by NPC members, media guilds and BULLETIN union workers.

"We will not remove the barricades until the government comes out with a definite stand on the planned takeover," said Melanio Mauricio, president of the PHILIPPINES DAILY EXPRESS Employees Union. Mauricio also denied reports that the protest action of the union was instigated by management to protect its interests.

"It was a collective decision of the employees who felt that the takeover was the only way to prevent the company from falling into the hands of cronies of the new administration." Thus far, the Aquino government has not issued any formal statement.

Employees of two other beleaguered companies, the Eastern Telecommunications Philippines and Philippine Communications Satellite Corp., picketed yesterday their building at Telecoms Plaza, Makati to protest the appointment of Carlos Farrales as officer-in-charge of four telecommunications companies ordered sequestered last Friday. The union members said Farrales "has an unsavory track record" and does not have the trust and confidence of labor and management.

PRO-MARCOS BROADCASTERS' REMOVAL DEMANDED

HK210045 Manila Far East Broadcasting Company in English 0030 GMT 21 Mar 86

[Text] A group of militant broadcasters has taken over a government radio station to demand removal of employees who they said were loyal to deposed President Ferdinand Marcos. State head Jose Mari Velez said troops have secured the area to protect expensive installations, but were making no move to dislodge the protesters. Employees said the protesters had put up barricades outside the station's offices in a Manila suburb.

COLUMNIST CITES DANGER OF OLD IMF-MARCOS POLICY

HK180954 Quezon City ANG PAHAYAGANG MALAYA in English 12 Mar 86 p 4

[Column by Renato Constantino: "The Other Ongpin"]

[Text] Mr Marcos even in exile, continues to be a distorting factor in our attempts to analyze our national problems. The extravagance of the former First Family's lifestyle and the greed of its members are so mind-boggling that the public eye continues to focus in shocked fascination on each new evidence of these excesses that comes to light.

As the press reports steadily rising estimates of the hidden wealth of Marcos and his cronies there are signs that this unbridled greed and corruption is being made to appear as the primary reason for widespread poverty and for our bankrupt economy. Our people may therefore be lulled into neglecting vital issues that have had enduring effects on our national life.

That many Filipinos have undergone salutary changes in attitudes cannot be denied. That there will be structural changes in the long run is not yet certain. For even with Marcos gone, there seems to be a basic continuity in the economic policies of the old and new orders. This is unfortunate because over and above the corrupt practices of the past regime, the reason for our bankruptcy may be traced to a foreign-imposed development program whose primary beneficiaries were, aside from Marcos, the multinationals and other foreign investors at the expense of the people.

This continuity in economic thinking is best illustrated by the statements of Finance Minister Jaime Ongpin who has welcomed foreign capital to the dismay of some sectors of the Filipino business community. This policy statement should be related to the WB [World Bank] proposal to invest in a state-owned company that will handle the disposal of government-acquired assets in line with the Marcos-IMF policy of privatizing such assets. Foreign capital will come in the form of equity or direct investments.

The WB-IMF program which favors foreign capital is in place. This has been confirmed by the satisfaction with which both the World Bank and IMF's Managing Director de Larosiére welcomed CB [Central Bank] Governor Fernandez's appointment. Ongpin's own economic bias is reflected in his admission that he made Fernandez's retention a precondition for his acceptance of the Finance Ministry.

Ongpin is not against the IMF blueprint for economic recovery; he only wants some relief such as the 60-day delay in the import liberalization program and better terms from foreign creditors. Like the Marcos administration, the Quino government seems unduly concerned with the attitude of foreign capital. Filipino capital which has long been beleaguered may continue to be ancillary to the economic planners of the new dispensation. At a time when the peso-dollar rate is favorable to foreign investors, when it is cheaper for foreign businessmen to buy up Filipino businesses on the brink of collapse, we may yet see the final liquidation of Filipino businessmen.

Ongpin's commitment "to the absolute minimum of government interference" and his opposition to protectionist policies favor the foreign capitalists. For how can Filipino entrepreneurs compete against the overwhelming might of foreign capital?

It will be recalled that Marcos had already acceded to the foreign-dictated shift toward agriculture. Ongpin's emphasis on serving domestic needs, if viewed in the light of his announced goal of opening up the field to "everybody," may mean delivering the whole country to foreign investors. Giant foreign agribusiness corporations can now dominate agriculture, fishing and other business fields.

Foreign capital will come in only if it can expect handsome rates of profit. Herein lies the danger of continuing the old IMF-Marcos policy. If the primary concern is the Filipino, then foreign investment policies must be carefully reexamined. The role of foreign capital must be reassessed and limitations placed on its operations in order to safeguard Filipino interests.

The present government faces two options: to sink deeper into economic dependency or to chart new paths of development. The great popular support Pres Aquino now enjoys will make Filipinos ready to undergo temporary sacrifices which will be necessary so that we may attain real economic independence.

It is time to turn from exultation to reexamination, to transform celebration into rethinking. It is time to realize that Marcos was only part of the problem. Other potent economic causes were likewise responsible for the years of darkness and frustration.

TRADE, INDUSTRY MINISTRY TO STREAMLINE OPERATIONS

HK141553 Manila BUSINESS DAY in English 14 Mar 86 p 2

[Text] The Ministry of Trade and Industry (MTI) will streamline its operations by eliminating unnecessary and inefficient offices. For a starter, the Philippine International Trading Corp. (PITC) will be abolished and the board of Investments (BOI) consolidated into the ministry. These were some of the proposals submitted by Trade and Industry Minister Jose Concepcion Jr. yesterday to the government reorganization commission headed by Minister Luis Villafuerte.

Concepcion also said the National Cottage Industries Development authority (Nacida) will be merged with the Bureau of Small and Medium Industries (BSMI) and will be given a new name. Nacida will be reoriented and BSMI strengthened by giving it enough funds.

All small, medium and Nacida-registered industries with a capitalization of P1 million up to P5 million will be supervised by the new agency, Concepcion told the reorganization commission. The new thrust of the office will be to encourage productivity and broaden the domestic market.

The Export Processing Zone Authority (EPZA) will be converted into a board and placed under the foreign trade department of the MTI. This, Concepcion said, will simplify EPZA's administration.

The Price Stabilization Council (PSC), the watchdog for prices, will be made a "basically monitoring office."

The trade and industry minister also said the National Development Co. (NDC) will start to sell many of its subsidiaries to the private sector, especially those that are already viable. On the abolition of the PITC, Concepcion said, in the transition period, it will be managed by the NDC until its final liquidation. However, all its present foreign assistance and lending programs will be channeled through private commercial banks.

FOREIGN BUSINESSMEN CONCERNED ABOUT LABOR UNREST

HK141551 Manila BUSINESS DAY in English 14 Mar 86 p 2

[Text] Some foreign businessmen have expressed concern that the labor situation in the country could become worse before it gets better because some labor unions have turned militant. David D. Bonney, president of the Australian Chamber of Commerce of the Philippines, however stressed that if "sensible legislation" could be formulated, it could help dissipate the increasing labor unrest in the country.

What is happening now, Bonney said, is that while there are labor laws in place, they are either unenforceable or are simply being ignored by some labor unions. Despite the problem however, Bonney believes the Philippines has a very bright short-term outlook. He said in the last 10 days, his chamber has received a lot of inquiries on investment opportunities in the Philippines.

He said the government is going in the right direction by emphasizing the promotion aspect of increasing foreign investments rather than the regulatory aspect, which characterized the thinking of the previous administration. He said the government of President Aquino has clearly manifested a platform of honesty and integrity and certainly is a big encouragement for potential investors to come into the country. He emphasized however that Filipino investors should take the lead. "Once they do this, foreign investors, just as quickly, will come into the country," he said.

SUGAR INDUSTRY CONFIDENT DESPITE PROBLEMS

HK141559 Manila BUSINESS DAY in English 14 Mar 86 p 8

[Text] Confidence is high in the sugar industry following the assumption to power of the new government which has promised to free trading in the commodity. However, the immediate problem of financing still remains to be solved. Two solutions are being recommended by some planters, both of which they believe will help ease the present cash-starved position of many producers.

The new government can ask for a bigger sugar quota from the United States, they told BUSINESS DAY.

The quota this crop year amounting to a little more than 200,000 metric tons might be increased next crop year to 500,000 metric tons, they suggested.

"Anyway, this is part of the mini-Martial [as published] Plan" a planter explained. The mini-Martial Plan was a proposal raised by various quarters to help the Philippines overcome the immediate difficulties of its foreign debt crisis. Just as the U.S. government had its "martial [as published] plan" which was an economic assistance program that had security purposes for the Europe, a mini-Martial plan is being pushed locally on the premise that the Americans have two military bases in the Philippines which they have to keep secure.

Once the U.S. quota for Philippine sugar is increased, planters said, they would be able to get a "good average price" for their commodity next crop year 1986-87. By then, assuming that free trading will have been adopted for sugar, the quota can be allocated to the planters.

With the increased quota, export sugar would account for about 35 percent of total production next year. This leads to the second solution advanced to ease the cash-starved position of many planters.

Planters, the majority of whom are already in deficit with their financing banks, can pledge this "35 percent quota share" to sugar traders. The traders, because they are certain of the price the sugar will fetch in the U.S., would only be too willing to "advance" funds to the planters to finance their planting needs.

To obtain the financing for planters, the government agency which will eventually take charge of regulating the sugar industry would be well to ask sugar traders to "group together" and guarantee loans made to planters associations, industry sources said.

"A sugar trader is 'bankable'," said one. "All the planters associations have to do is ask their association presidents and all members who want to avail themselves of loans from banks to sign the loan documents together with the trader or traders as guarantors." Industry sources said planters are finding it difficult to obtain crop loans as the available collaterals they have are already tied up with the banks.

CB REJECTS CALL FOR ALF INTEREST RATE CUT

HK171547 Manila PHILIPPINES DAILY EXPRESS in English 15 Mar 86 pp 9, 10

[By Rose de la Cruz]

[Text] Central Bank [CB] Gov. Jose B. Fernandez has rejected a proposal to peg at a lower level the interest rate charged on loans from the 100-million Agricultural Loan Fund (ALF) provided by the World Bank (WB). However, the CB governor was willing to ease the stringent requirements in the availment of the ALF, particularly those touching on equity and collateral, according to Agriculture and Food Minister Ramon Mitra.

Fernandez was quoted by Mitra as saying that the floating interest rate charged on ALF-funded loans was a major condition imposed by the WB in extending to the government the facility, and that this could not be altered.

Mitra has asked the CB to liberalize the interest rate on loans funded by the ALF to boost its availment by the agriculture sector.

Loans extended under the ALF are also required to be backed up by collaterals (for borrowers), which Mitra said can run to as high as 200 percent of a total loan value.

Mitra, meantime, said he would ask the United States Agency for International Developments (USAID) to finance a package of agricultural projects, including those abandoned by the previous administration. These projects are aimed at upgrading municipal fisheries, propagation of other agricultural crops that have huge potentials in the export market and cattle raising.

Under the charter of the ALF, borrowers are required to raise an equity of from 10 to 20 percent while participating banks should raise an equity of from 10 to 25 percent.

TRADERS URGED TO INCREASE U.S. BASES' TRADE SHARE

HK200436 Manila MANILA BULLETIN in English 16 Mar 86 p 21

[Text] Trade and Industry Minister Jose Concepcion Jr., yesterday urged the country's business sector, particularly manufacturers, suppliers, traders and exporters, to tap the lucrative market for local goods and services being offered by the military bases at Clark Field and Subic Bay. The new trade and industry minister made the exhortation as he prepared to meet with various industry sectors on the market potential of the U.S. bases in the country.

For example, Concepcion said, the Subic Navy Exchange alone spends about \$45 million annually on its requirements for goods but so far the share of local manufacturers and suppliers is less than 10 percent or about \$4 million. He announced that the ministry is now consolidating the total purchases of all procurement units of the military bases in order to be able to set sales targets which are expected to be at least 50 percent of the aggregate purchases of the bases from local and foreign sources.

Hence, it is important that local manufacturers, suppliers and exporters increase their share of the existing market available at the U.S. bases, Concepcion said. The MTI head revealed that local sales to the U.S. military installations in the country can also provide the springboard to effecting future sales to American bases situated in other parts of the world.

Concepcion also cited advantages in selling to the bases market. In the case of garments, for instance, local sales to the U.S. bases will not be restricted by any quota unlike in regular country markets where Philippine garment exports are subject to quota and other restraints under bilateral textile agreements.

FORMER BUDGET MINISTER DEFENDS ELECTION SPENDING

HK190711 Manila PHILIPPINES DAILY EXPRESS in English 18 Mar 86 p 9

[By George T. Nervez]

[Text] Former Minister of the Budget Manuel Alba yesterday claimed that fund releases of the national government before and after the last elections were within the program approved by a committee that included Central Bank [CB] Gov. Jose B. Fernandez Jr.

Alba's clarification was contained in a memorandum to Finance Minister Jaime V. Ongpin, who together with Fernandez had charged the ministries of finance and budget of the Marcos government of "fiscal irresponsibility," particularly, the unwarranted issuance of treasury checks before the elections. He denied that the spending program and cash releases of the government were exceeded, which Fernandez and Ongpin claimed violated the targets set by the International Monetary Fund (IMF). Budget Minister Alberto O. Romulo recently said the government was in the red by about P5 billion.

Alba stressed that the heavy drawdown of government deposits with the CB since November 1985 was largely due to cash payments for construction projects and to meet an "unexpectedly" heavy redemption of treasury bills. The cash problems which usually occur during the early part of the year was further compounded when government revenues actually fell, prompting the national treasury to withdraw funds from the CB, Alba explained.

He said Fernandez must have been aware of the fiscal situation because this was the subject of a discussion in the CB last February 24 among former Prime Minister Cesar Virata, who was concurrently minister of finance, national treasurer Victor Macalincag, Fernandez and himself.

Alba also reminded Fernandez that in the past 15 months covered by the IMF standby program, all the fiscal targets, such as, the budget deficit, corporate investments, net domestic and external financing, had all been achieved because of the coordinated efforts of the budget and finance ministries and the national treasury. He pointed out that the 1986 portion of the IMF program has no specific targets on a monthly basis, but merely an indicative target for January-March.

Alba said that because of the trends in January-February, major adjustments will have to be made on the spending and cash disbursements programs. But, there is enough time to make the changes because of the wide options open to the new government, he added.

Ongpin and Fernandez recently said that the country would not be able to meet the performance targets for March 31 because of the excessive government spending. This would, in turn, delay the release of the last tranche worth about \$230 million from the IMF, and new loans amounting to \$350 million from the foreign banks.

Fernandez had charged that the government resorted to the issuance of treasury warrants to finance its spending spree when the CB refused its request for P2.8 billion last December claiming it had exceeded its borrowing ceiling.

In his memorandum, Alba also said the ministries of finance and budget do not issue disbursement checks or treasury warrants for the national government except for their own internal operations. It is the agencies and offices of the national government to which the funds are released which issue the treasury warrants to pay for their obligations, he explained. He emphasized that the treasury and the budget ministries have no prior "auditorial check on the agencies when they issue treasury warrants."

COCONUT EXPORTS IN FEBRUARY SHOW INCREASE

HK201543 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 19 Mar 86 pp 9, 10

[Text] The country's coconut export receipts last February reached \$62.25 million on shipments of 202,210 metric tons (Mt), in copra terms, preliminary figures of the Philippine Coconut Authority (PCA) show. These bring to \$111.34 million export receipts of the industry during the two-month period January-February this year, with the volume shipments hitting 358,657 tons.

Compared with January's receipts of \$40.09 million and export volume of 156,447 tons, incomes and volume shipments in January posted increases of 26.8 and 29.2 percent, respectively.

Value-wise, coconut oil (Cno) posted 17.5 percent increase from \$34.85 million to \$40.94 million; desiccated coconut (Dcn) earnings went down from \$3.75 million to \$3.24 million, lower by 13.6 percent; copra cake/meal from 4.58 million to \$8.6 million, up by 87.9 percent; coconut shell charcoal from \$555,169 to \$449,916, down by 19 percent activated carbon \$774,579 to \$992,077, up by 28 percent; and non-traditional products, from \$4.57 million to \$8.01 million, reflecting a growth of 75.4 percent.

Volume-wise, Cno chalked up a 20.8 percent increase from 93,942 Mt in January to 113,464 Mt; Dcn slid by 16.1 percent from 4,743 Mt to 3,978; copra cake/meal shot up from 51,286 Mt to 97,976 Mt, up by 91 percent; coconut shell, charcoal tapered off by 8.7 percent from 3,223 Mt to 2,943 Mt; activated carbon jacked up by 25.6 percent from 672 Mt to 844 Mt; and non-traditional products, which include coconut chemicals, from 6,651 to 9,290 Mt, up by 40 percent.

February's export performance exhibited steep increases in volume and value as high as 352.2 percent and 101.3 percent, respectively, over a year-ago levels of 44,717 Mt and \$30.92 million.

GOVERNMENT REDUCES OIL PRODUCT PRICES

HK190845 Hong Kong AFP in English 0818 GMT 19 Mar 86

[Text] Manila, March 19 (AFP) -- President Corazon Aquino's Government Wednesday trimmed prices for oil products to ease the indirect tax burden on consumers, a spokesman said. Presidential spokesman Rene Saguisag told a news conference before a three-hour cabinet meeting that prices of oil products are to be reduced by an average of 50 centavos (2.5 U.S. cents) a liter effective midnight Wednesday (1600 GMT).

Mr Saguisag said government revenue would rely less on indirect taxes, which he said were the main causes of high oil prices, and more on direct levies such as income taxes. Mrs Aquino was concerned that the poor were contributing as much to government coffers as the wealthy through indirect taxation, the spokesman said.

The lower oil prices are expected to reduce government revenue by about 2.8 billion pesos (140 million dollars), Mr Saguisag said. However, as well as being a boon to consumers, the lower oil prices will benefit industry by making Philippine products more competitive in the world market, he said.

In a press statement, Mrs Aquino urged businessmen to "postpone their efforts to recoup past losses" and to slash prices on their products in accordance with the oil price reductions.

Mr Saguisag listed the new prices as:

- Premium gasoline used by private motorists, 7.15 pesos (35 cents) a liter, down from 7.40 pesos (37 cents).
- Diesel used by public transport, 5.26 pesos (26 cents) a liter, down from 5.72 pesos (28 cents).
- Liquefied petroleum used by many households for cooking, 4.614 pesos (23 cents) a liter, down from 5.264 (26 cents).

Budget Minister Alberto Romulo told the cabinet there was a budget deficit of 9.6 billion pesos (480 million dollars) in the first quarter of this year, the spokesman said.

MINISTER UNVEILS PLANS TO TAX WEALTH, PROPERTY

HK171549 Manila PHILIPPINES DAILY EXPRESS in English 15 Mar 86 p 9

[By T. Pamintuan]

[Text] The government plans to gradually shift the tax burden from consumers to the wealthy as part of the changes in the overall tax structure. Director-General Solita Monsod of the National Economic Development Authority (NEDA) said more taxes would be collected from direct sources with wealth and property taxes as the initial targets.

Minister Monsod said that at present 70 percent of government revenues come from indirect sources such as sales and ad valorem taxes. The other 30 percent are direct taxes such as income and real property taxes.

Among the indirect taxes are those imposed on essential goods—10 percent, non-essential goods — 20 percent and a 1.5 percent turnover tax on second sales, which are eventually passed on to consumers in the form of higher prices.

Among the heavily taxed items are petroleum products from which the government collected a total of P16 billion in 1985.

Data show that from January to November 1985, the specific and ad valorem tax-take had amounted to P12.12 billion. Specific taxes are imposed when goods are taken out of the customs warehouses, while ad valorem taxes are those imposed when goods are sold. For the same period, the specific tax on petroleum alone had reached P6.82 billion.

Cesar Buenaventura, president of Philipinas Shell, said recently that the present tax rates on petroleum products were "repressive!" He urged the lowering of the tax rates, particularly, on industrial fuel oil. On the other hand, taxes on capital gains have been lowered to five percent from 10-20 percent. These are imposed on capital gains from the sale of real property and other assets. The government also collects taxes on deposit earnings at the rate of 17 percent.

Meanwhile, Monsod said she was optimistic that more people would file their taxes this year since the government enjoys greater credibility and public trust. The government, she said, was looking for way to collect some P9.2 billion in taxes due last year. Mrs. Monsod said the low level of tax compliance in 1985 was due to lack of confidence in the Marcos government.

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